

CITY OF LA VERGNE, TENNESSEE

Comprehensive Annual Financial Report

For the Year Ended June 30, 2017

Prepared by the Department of Finance

CITY OF LA VERGNE, TENNESSEE

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INTRODUCTORY SECTION



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October 13, 2017

To the Honorable Mayor, Members of the Board, and Citizens of the City of La Vergne:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the comprehensive annual financial report of the City of La Vergne for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of the City of La Vergne. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of La Vergne has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of La Vergne's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of La Vergne's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The City of La Vergne's financial statements have been audited by Yeary, Howell & Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of La Vergne for the fiscal year ended June 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of La Vergne's financial statements for the fiscal year ended June 30, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

page 53. For governmental funds which are not considered major funds, the appropriated annual budget comparisons are presented in the combined individual fund subsection of this report, which starts on page 46.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of La Vergne operates.

Local Economy. La Vergne is one of the fastest growing communities in the state as well as the country. From 1990-2017, the City grew from 7,499 to approximately 38,077 which is an increase of 408%. With the largest industrial park and the largest subdivision in the state, La Vergne is also home to two of Rutherford County's top ten employers and business is slightly above satisfactory even with today's economy.

Rutherford County's retail trade base is made up of over 500,000 people. It has developed into a retail center attracting shoppers from a 10-county region. Part of the reason for this phenomenal growth is the close location to major interstates — Interstate 24 runs directly through La Vergne and Interstates 65, 840 and 40 are within 15 miles — as well as the availability of major city resources in nearby Nashville, Smyrna, and Murfreesboro. The northernmost city in Rutherford County, La Vergne is proud to be the home to international companies such as Bridgestone, Ingram Distribution, Schneider Electric, Ajax-Turner, Cardinal Health, Quality Industries, Venture Express, Saks, Parthenon Metal Works, SVP Worldwide, and more.

The numerous employment opportunities combined with a low city property tax rate (\$.95 per \$100 of assessed value); have caused La Vergne to experience -migration at over twice the national average. Residents have easy access to Percy Priest Lake and are just a few miles from pro football, pro hockey, Nashville International Airport, and two miles from the Smyrna Airport.

New and previously owned housing is available in the City which offers the amenities of grocery and convenience stores, restaurants, and other shopping outlets.

In addition, three elementary, one junior high and one high school provide quality education for all students. A number of local colleges and universities are located within 20 miles of La Vergne, including Middle Tennessee State University, Tennessee State University, Vanderbilt University, Belmont University, and David Lipscomb University. The local economy has consistently been healthier than the national economy. The City is committed to building a future in which economic growth and prosperity is balanced with a high quality of life for all of its citizens.

Long-Term Financial Planning. The City has numerous capital projects currently under construction or just completed. Highways and Streets Capital Projects include:

Widening of Nir Shriebman near roundabout and a new turn late at intersection of Highway 41 and Nir Shreibman which was recently completed. Parks Capital Projects include: Hurricane Creek greenway project Phases II which has just recently been completed. Water and Sewer Capital Projects include: water line upgrades and extensions, storage tank upgrades, converting to electronic meters, and sewer pump station upgrades.

Relevant Financial Policies

The city's strives to maintain a year end general fund balance of approximately 25 to 30 percent of operating revenues. The 2016-17 year end general fund balance was approximately 65% of operating revenues.

The City has adopted an internal control policy, a debt policy and policies and procedures for the administration of federally tax exempt dept obligations. This change was made by the Council as an effort to protect city assets and be in compliance with state and federal regulations.

Major Initiatives

The City of La Vergne has many projects underway in the water/sewer system area. Replacement of small diameter lines with larger diameter lines is an ongoing focus for the city. The city received a 92% sanitation rating on its last survey from the State of Tennessee Department of Environment and Conservation Division of Water Supply, which was done in 2017. This rating was up from the rating seven years ago at 75%. Several of our sewer pump stations have also been upgraded with newer pumps in an effort to provide the utmost in sewer related services. Funds for these improvements will come from excess water/sewer fund balance and bond issues.

The widening of Waldron Road completed in 2014 and the growing population for the City of La Vergne has sparked interest by several major developers. La Vergne held ribbon cutting for one of the largest retailers in the United States in 2016, Wal-Mart. With this addition other retailers are moving into the area. Recently Bojangles, Taco John's and Checkers opened their doors to the area. Coming soon is Dunkin Donuts.

The city implemented a decrease in property taxes from \$.975 to \$.95 per \$100 assessed value in 2016. This decrease was deemed appropriate due to sustainability in sales tax revenues collected. The city implemented a slight water rate decrease. The rate decrease resulted from well managed operations and savings passed on to customers.

Improving safety for the citizens of La Vergne is also a focus for the city. The City has added new police officers and equipment for several years in a row. A new police substation was opened in the Lake Forrest residential area a couple of years ago and is

being utilized for the safety of citizens of La Vergne. Also, a new backup police dispatch center is now operating at an offsite facility. The city of La Vergne has also aligned itself with Rutherford County Emergency Services for disaster related events. Several cities in and around Rutherford County are currently being trained on handling disaster events. This training was instrumental during the floods in May 2010. The City has also added new Firefighters and new Fire Equipment to assist in the growth of La Vergne.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of La Vergne for its comprehensive annual financial report for the fiscal year ended June 30, 2016. [This was the twenty second consecutive year that the government has received this prestigious award.] In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. I would also like to express my appreciation to all other department heads that assisted and contributed to the preparation of this report. Credit must also be given to the Board of Mayor and Aldermen for their unfailing support for maintaining the highest standards of professionalism in the management of the City of La Vergne's finances. The firm of Yeary, Howell & Associates was most helpful in reviewing the interpretations of financial presentation and disclosure requirements.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Phillis Rogers".

Phillis Rogers
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

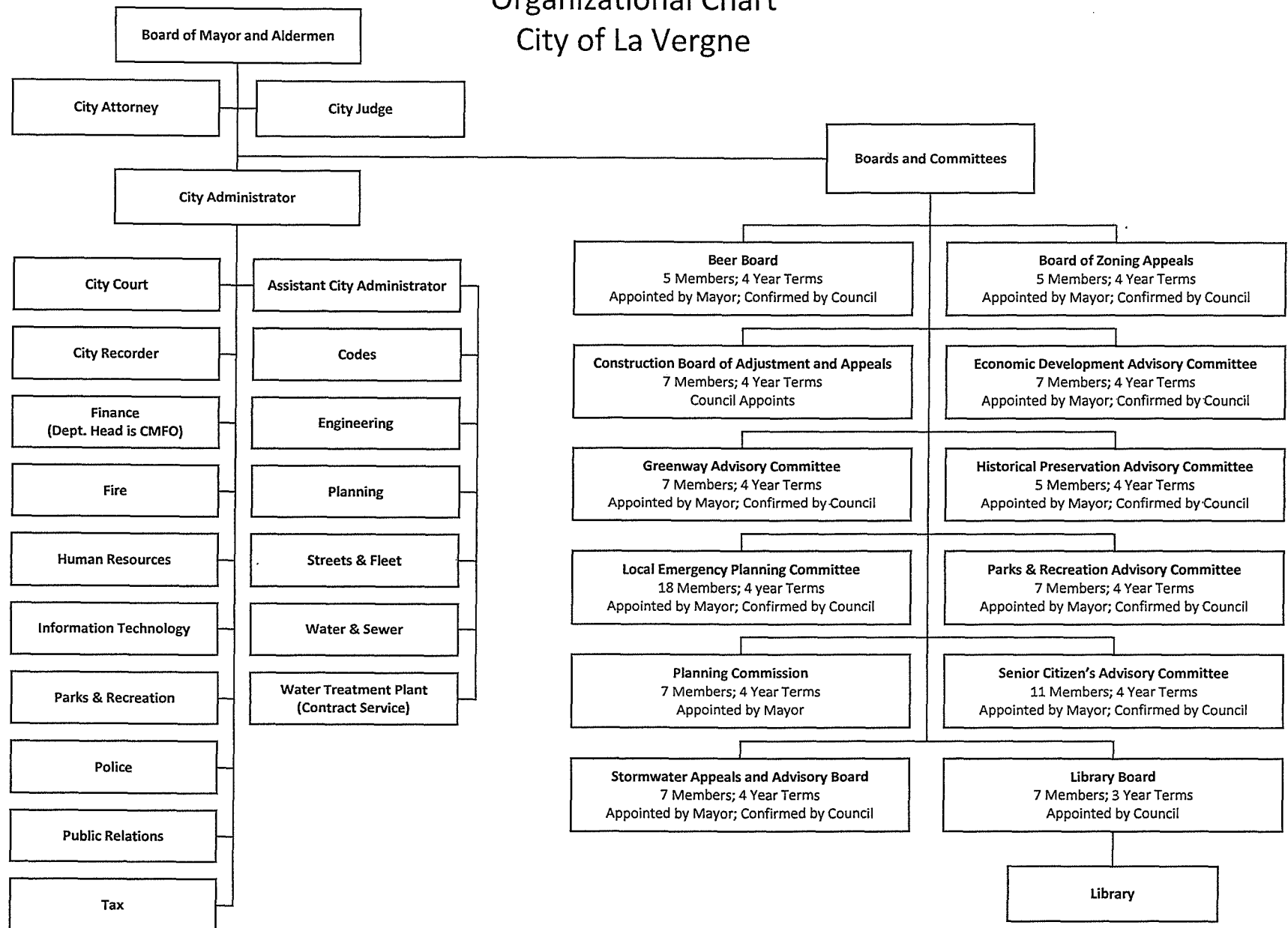
**City of La Vergne
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Organizational Chart City of La Vergne



CITY OF LA VERGNE, TENNESSEE

City Officials

2017

ELECTED OFFICIALS:

<u>Name</u>	<u>Title</u>
Dennis Waldron	Mayor
Sherry Green	Vice Mayor
Melissa Brown	Alderman
Jason Cole	Alderman
Calvin Jones	Alderman

APPOINTED OFFICIALS:

Bruce Richardson	City Administrator
Edward Hiland	City Judge
Evan Cope	City Attorney
Phillis Rogers*	Finance Director
April Lawrence	Assistant City Recorder
Mike Walker	Chief of Police
Mike Dietz	Public Works Director
Garlon Russell	Utilities Director
Evie Rutledge	Tax Collector
A C Davis	Parks and Recreation Director
Donna Bebout	Librarian
Cheryl Lewis Smith	H. R. Director
Nickolaus Logan	City Planner
Kyle Brown	City Engineer
Randolph Salyers	Codes Director
Katherine Penrose-Cruz	Storm Water Engineer
Ricky McCormick	Fire Chief
Vacant	City Engineer

*CMFO

FINANCIAL SECTION

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

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NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of La Vergne, Tennessee
La Vergne, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business - type activities, each major fund, and the aggregate remaining fund information of the City of La Vergne, Tennessee (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Vergne, Tennessee as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 3 through 13, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable Mayor and Board of Aldermen
City of La Vergne
La Vergne, Tennessee

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of LaVergne's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of the expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. Code of *Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* is also not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and schedules, including the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and schedules, including the schedule of expenditures of federal awards, are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of LaVergne's internal control over financial reporting and compliance.

Yenny Howell & Associates

October 5, 2017

CITY OF LA VERGNE, TENNESSEE

Management's Discussion and Analysis

As management of the City of La Vergne, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. Comparative information for fiscal year 2016 and 2017 is presented in this discussion and analysis. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with our Letter of Transmittal (Page i-vi).

Financial Highlights:

The assets and deferred outflows of resources of the City of La Vergne exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$130,223,663 of this amount; \$34,999,148 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The governments total net position increased by \$10,646,461.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,150,661 an increase of \$4,726,069 resulting from the current year operation. Approximately \$7,640,787 of that total is not available for spending at the government's discretion (non-spendable, restricted, and assigned.).

At the end of the current fiscal year, unassigned fund balance (spendable at the government's discretion) of the General Fund was \$17,509,874 or 88.9% of the total general fund expenditures.

The City's total debt (bonds, capital lease, capital outlay note, and other obligations including premiums) decreased by \$3,156,161 (8.2%) during the current fiscal year.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City of La Vergne's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, deferred inflow and outflows of resources with the difference between the two reported as net

position. Over time, increases or decreases in net positions may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net positions changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax and earned but unused vacation leave),

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of La Vergne include general government, police, fire, highway and streets, stormwater, health and welfare, recreation and library. The business-type activities of the City include water and sewer service operations. The governmental-type and business-type activities are allocated their respective portion of the self-insured medical insurance internal service fund.

The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The City of La Vergne, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental Funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, library, state street aid and highway and streets capital projects fund which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 44-45 in this report.

The City of La Vergne adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary Funds. The City of La Vergne maintains two types of proprietary funds. It uses an enterprise fund to report the same functions presented in the business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations.

It uses an internal service fund to account for the activities in its self-insured medical insurance fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-43 of this report.

Required budgetary information. The required budgetary information provides budget comparison information for the special revenue funds. Non-major governmental fund budgetary schedules can be found on pages 46-53 of this report.

Financial Analysis of the Financial Statements

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of La Vergne, assets exceeded liabilities and deferred inflow of resources by \$130,223,663 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (67.3%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) plus bond proceeds on hand for restricted assets less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of La Vergne's Net Position

	Governmental Activities		Business Activities		Total	
	June 30 2016	June 30 2017	June 30 2016	June 30 2017	June 30 2016	June 30 2017
			(ooo omitted)			
Current and other assets	\$29,784	\$34,820	\$22,083	\$25,237	\$51,867	\$60,057
Capital assets	66,844	67,399	48,428	47,917	115,272	115,316
Total assets	96,628	102,219	70,511	73,154	167,139	175,373
Deferred Outflows	124	100	197	166	321	266
Long-term liabilities outstanding	17,908	16,056	20,982	19,730	38,890	35,786
Other Liabilities	835	1,355	544	651	1,379	2,006
Total liabilities	18,743	17,411	21,526	20,381	40,269	37,792
Deferred Inflows	7,614	7,624			7,614	7,624
Net Position						
Net investment in capital assets	49,510	51,947	35,544	35,640	85,054	87,587
Restricted	7,507	7,637	0	0	7,507	7,637
Unrestricted	13,378	17,701	13,638	17,299	27,016	35,000
Total Net Position	\$70,395	\$77,285	\$49,182	\$52,939	\$119,577	\$130,224

A portion of the City's net position (5.9%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position (\$34,199,148) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities

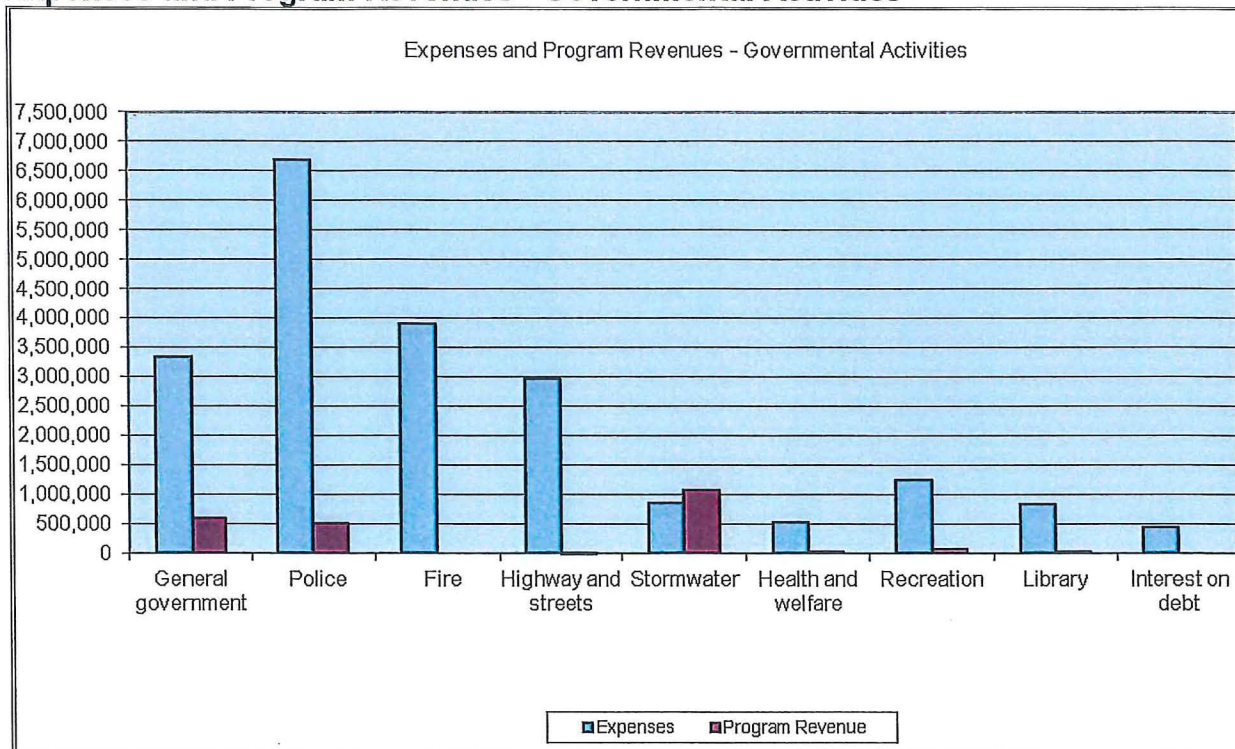
The City of La Vergne's net position increased by \$10,646,461 during the current fiscal year. Net position increased \$6,889,620 in the General Fund mainly due to \$1,361,000 in Grant Revenue for Parks and Streets Capital, \$1,400,000 increase in Sales tax, \$156,000 increase in business taxes and \$2,112,236 in debt issuance. Expenses remained about the same as when compared to prior year.

**Financial Analysis of Financial
Statements
City of La Vergne's Change in Net
Position**

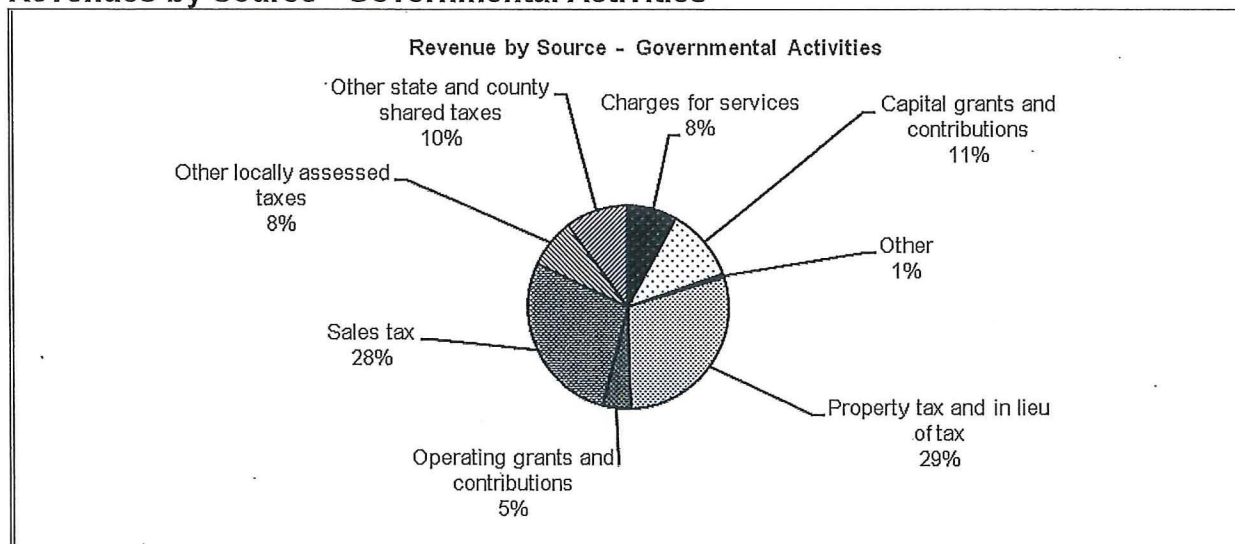
	Governmental Activities		Business-type Activities		Total	
	June 30 2016	June 30 2017	June 30 2016	June 30 2017	June 30 2016	June 30 2017
	(ooo omitted)					
Revenues:						
Program revenues:						
Charges for services	\$2,292	\$2,247	\$11,176	\$11,885	\$13,468	\$14,132
Operating grants and contributions	1,291	1,282			1,191	1,282
Capital grants and contributions	1,851	3,213	1,154	1,665	3,005	4,878
General revenues:						
Property tax and in lieu of tax	8,214	8,103			8,214	8,103
Sales taxes	6,323	7,707			6,323	7,707
Business taxes	920	1,076			920	1,076
Wholesale beer & liquor taxes	627	647			627	647
Franchise taxes	361	378			361	378
Other locally assessed taxes	85	88			85	88
Other state and county shared taxes	2,709	2,787			2,709	2,787
Unrestricted investment earnings and rental income	11	21		5	11	26
Gain on disposal of capital asset	0	0			0	0
Other	86	150			86	150
Total revenue	<u>24,770</u>	<u>27,699</u>	<u>12,330</u>	<u>13,555</u>	<u>37,100</u>	<u>41,254</u>
Expenses:						
General government	2,787	3,342			2,787	3,342
Public safety:						
Police	6,974	6,695			6,974	6,695
Fire	3,745	3,902			3,745	3,902
Highway and streets	2,973	2,970			2,973	2,970
Stormwater	820	856			820	856
Health and welfare	547	528			547	528
Recreation	1,282	1,239			1,282	1,239
Library	731	833			731	833
Interest on debt	521	444			521	444
Water and sewer			9,303	9,798	9,303	9,798
Total expenses	<u>20,380</u>	<u>20,809</u>	<u>9,303</u>	<u>9,798</u>	<u>29,683</u>	<u>30,607</u>
Increase (decrease) in net position	4,390	6,890	3,027	3,757	7,417	10,647
Net position - beginning of the year, as restated	<u>66,005</u>	<u>70,395</u>	<u>46,155</u>	<u>49,182</u>	<u>112,160</u>	<u>119,577</u>
Net position - end of year	<u>\$70,395</u>	<u>\$77,285</u>	<u>\$49,182</u>	<u>\$52,939</u>	<u>\$119,577</u>	<u>\$130,224</u>

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Expenses and Program Revenues - Governmental Activities



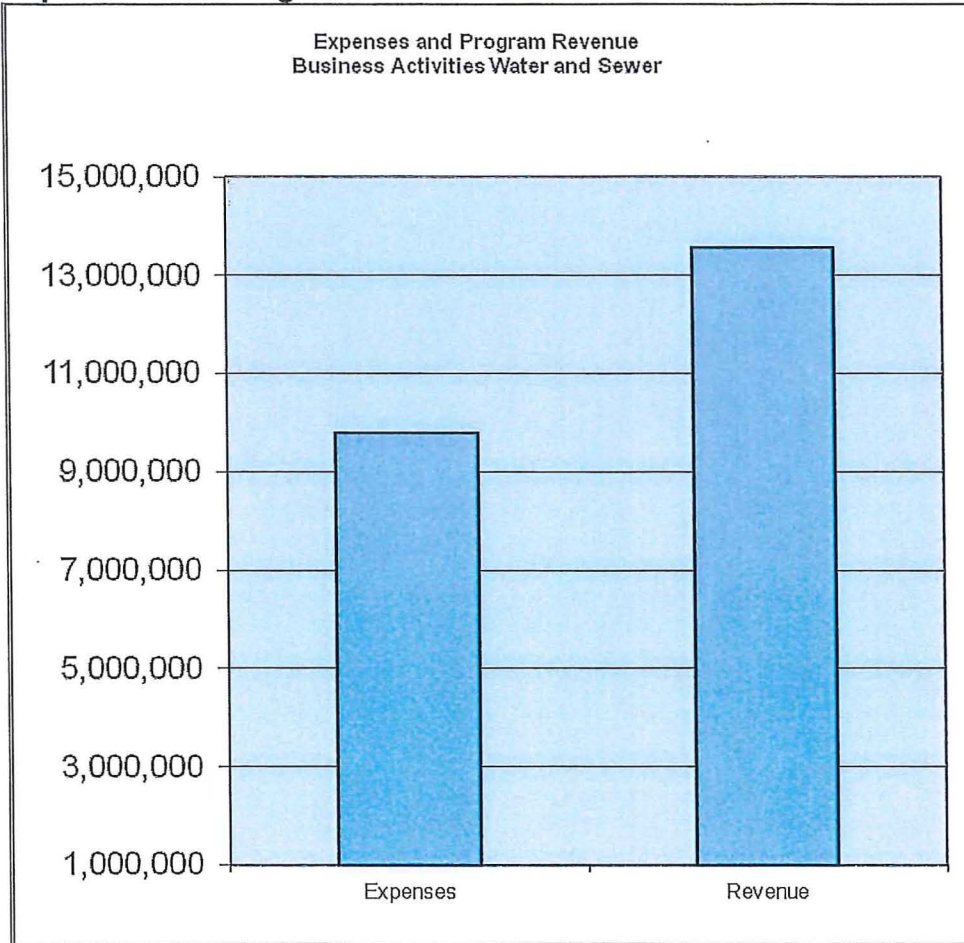
Revenues by Source - Governmental Activities



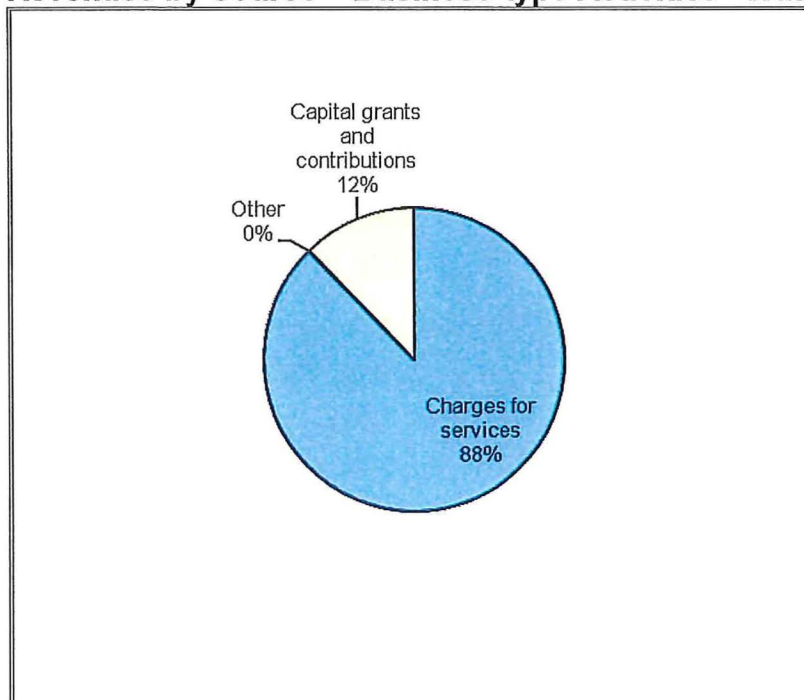
Business-type activities

Business-type activities increased the City's net position by \$3,756,841 accounting for 35.3% of the total increase in the government's net position. The key element of this increase is the result of previous years rate increases offset by small decrease in fiscal year 2016-2017. Expenses remained about the same over previous year.

Expenses and Program Revenues Business Activities Water and Sewer



Revenues by Source – Business-type Activities Water and Sewer



Financial Analysis of the Financial Statements (Continued)

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of La Vergne's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements in particular, unassigned fund balance may serve as a useful measure to a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,150,661, an increase of \$4,726,069 in comparison with the prior year. Approximately 69.6% of this total amount (\$17,509,874) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$7,640,787) is reserved to indicate that it is not available for new spending because it has been restricted, assigned or designated as non-spendable and has been committed to provide for spending for specific funds, prepaid items and amounts expended for supply inventories. The increase in fund balance is mainly due to increase in grant revenues \$1,360,000 and sales tax revenue increases \$1,384,000 while expenditures remain consistent with prior year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$17,509,874, while total fund balance of general fund balance was \$17,534,231. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 84.1% of total general fund expenditures. Total fund balance represents 84.3% of total general fund expenditures.

The unassigned fund balance of the City's general fund at year end increased by \$4,596,453. The major reason for General Fund balance increase was primarily related to increase in local sales tax of approximately \$1,360,000, \$156,000 in business tax revenue, and \$233,759 in reduced spending in Parks & Recreation. Sales tax increased due to retail growth. General fund revenues increased by \$1,620,770 when compared to the prior year (mainly due to tax revenues), while general fund expenditures increased by \$428,992 when compared to prior year due to non recurring capital outlay expenditures.

Total fund balance of the highway and street capital projects fund increased by \$50,605. This increase is due to the increases in road impact fees.

Total fund balance of all non-major special revenue funds increased by \$79,883 mainly due to revenues exceeding expenses in Stormwater Fund.

The City's proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail.

The Water and Sewer fund change in net position was an increase of \$3,993,138. This is due to monitoring expenses closely and significant rate increases that began in 2011. Even though there was a 5% decrease in 2016-2017 net position still increased.

Budgetary Highlights

Total general fund revenues for FY 2016-2017 were above final budgeted revenues by \$3,671,646 or 19.6%. Total expenditures for FY 2016-2017 were below final budgeted expenses by \$969,846 or 4.7%.

There were increases and decreases in General fund differences between the original budget for expenditures and the final amended budget. The following departments make up the majority of the increases and (decreases):

HR Dept	(\$125,100) due to decrease spending in professional services
City Hall	\$30,000 due to purchase of vehicle
Culture	\$136,525 due to Grant expense offset by Grant Revenue
Fleet	\$39,100 due to increase in equipment and maintenance
Economic Development	\$40,000 due to increases in professional services and travel
Public Relations	\$18,000 due to increase in equipment purchases
Fire Dept	\$174,000 due to Grant Expenses and Vehicle maintenance
Debt Service	\$2,168,000 due to Bond refunding

Actual total expenditures for the above departments exceeded the original budget allocation. The budget amendment allowed for allocations of funding for the revised projected spending levels for the departments.

Capital Asset and Debt Administration

Capital Assets

The City of La Vergne's investment in capital assets net of depreciation from its governmental and business-type activities at June 30, 2017, amounts to \$115,317,180. The investments in capital assets are land, buildings, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's net investment in capital assets for the current fiscal year was \$45,744 (.83% increase for governmental activities and -1.05% decrease for business-type activities).

Major capital asset events during the current fiscal year, before depreciation, are as follows:

- Approximately \$1,451,342 in Infrastructure (\$774,863 donated)
- Approximately \$1,830,664 in Construction in Process
- Approximately \$105,404 in Building
- Approximately \$807,467 in Equipment
- Approximately \$945,580 in upgrades and additions to water and sewer system (\$594,390 donated)
- Approximately \$89,492 in Land

City of La Vergne's Capital Assets

Additional information on the City of La Vergne's capital assets can be found in the notes to the financial statements section. This information is provided in note 3) Capital Assets, beginning on page 35 of this report.

Long -Term Debt

City of La Vergne's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	June 30 2016	June 30 2017	June 30 2016	June 30 2017	June 30 2016	June 30 2017
			(000 omitted)			
General obligation bonds	14,320	12,920			14,320	12,920
Capital Lease	1,771	1,428			1,771	1,428
Notes payable	0	0			0	0
Other obligation to state	1,251	1,001			1,251	1,001
Bond Premiums	115	204	437	480	552	684
Revenue and tax bonds	-	-	<u>20,545</u>	<u>19,250</u>	<u>20,545</u>	<u>19,250</u>
Total	<u>17,457</u>	<u>15,553</u>	<u>20,982</u>	<u>19,730</u>	<u>38,439</u>	<u>35,283</u>

At the end of the current year, the City of La Vergne has debt outstanding of \$35,283,232. The total debt of the City is secured by both the taxing power of the City and specific revenue sources (i.e., revenue and tax bonds excluding bond premiums) of the enterprise fund.

The City of La Vergne's total debt decreased by a net total of \$3,156,151 (8.2 %) during FY 2016-2017. The total debt of the City is secured by both the taxing power of the City and specific revenue sources (i.e., revenue and tax bonds) of the enterprise fund.

The City of La Vergne maintains "AA" rating from Standard & Poors.

State statutes impose no debt limit on the amount of general obligation debt a governmental entity may issue.

Additional information on the City of La Vergne's debt can be found in the notes to the financial statements section. This information is provided in note 5) Long-term Debt and other Obligations Payable, beginning on page 37 of this report.

Economic Factors and Next Year's Budget and Rates

The unemployment rate for the City of La Vergne is currently 3.4 %, compared to the State unemployment rate of 4.2% and the national rate of 4.5%.

In the FY 2017-2018 budget, General fund revenues and transfers in are budgeted to increase by 10% from the FY 2016-2017 original budget year. This increase is primarily due to new sales tax revenue generated from a new local retailers (Walmart, Bojangles, Taco Johns, Checkers). The city property tax rate remains the same at \$95.00 per 100 assessed value for fiscal year 2017-2018. The City's budget, as is with most City budgets, has been challenged by current

economic conditions. The City will continue to monitor spending and use current resources as effectively and efficiently as possible to provide citizens safety and service that is deserved of them.

All of these factors were considered in preparing the City's budget for the 2017-2018 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased by \$4,596,453 (mainly due to increase in local and state sales tax along with non-recurring capital expenses) The ending total General fund balance increased to \$17,534,231 from previous year balance of \$12,938,650 after adjustment for the reserve for inventory. The fund balance for the General Fund is budgeted to remain unchanged or increase slightly for fiscal year 2017-2018.

Requests for Information

This financial report is designed to provide a general overview of the City of La Vergne, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Director
City of La Vergne
5093 Murfreesboro Road
La Vergne, TN 37086

BASIC FINANCIAL STATEMENTS

CITY OF LA VERGNE, TENNESSEE

**Statement of Net Position
June 30, 2017**

<u>Assets</u>	Primary Government		Total
	Governmental Activities	Business Activities	
Cash and cash equivalents	\$24,054,982	15,056,439	39,111,421
Receivables (net of allowance for uncollectibles)			
Property taxes	7,961,530	-	7,961,530
Other taxes	168,728	-	168,728
Due from other governments	2,795,027	-	2,795,027
Accounts receivable	176,276	2,200,026	2,376,302
Inventory of supplies, at cost	3,202	239,229	242,431
Restricted assets - cash and cash equivalents			
Cash - bond proceeds	-	7,400,476	7,400,476
Internal balances	(340,000)	340,000	-
Non-depreciable capital assets	7,508,433	3,315,274	10,823,707
Capital assets (net of accumulated depreciation)	59,891,130	44,602,343	104,493,473
Total Assets	<u>102,219,308</u>	<u>73,153,787</u>	<u>175,373,095</u>
<u>Deferred Outflows of Resources:</u>			
Deferred amount on refunding	<u>100,189</u>	<u>166,149</u>	<u>266,338</u>
<u>Liabilities:</u>			
Accounts payable	420,738	255,754	676,492
Accrued expenses	408,670	275,317	683,987
Contracts payable	-	113,832	113,832
Unearned revenue	525,089	-	525,089
Customer deposits	-	6,000	6,000
Long-term liabilities due within one year	3,160,039	1,240,000	4,400,039
Long-term liabilities due in more than one year	12,896,083	18,490,048	31,386,131
Total Liabilities	<u>17,410,619</u>	<u>20,380,951</u>	<u>37,791,570</u>
<u>Deferred Inflows of Resources:</u>			
Unlevied property and income taxes	<u>7,624,200</u>	-	<u>7,624,200</u>
<u>Net Position</u>			
Net investment in capital assets	51,946,568	35,640,362	87,586,930
Restricted for:			
Highways and streets	2,694,575	-	2,694,575
Parks and recreation	294,505	-	294,505
Stormwater projects	4,211,741	-	4,211,741
Senior citizens	39,245	-	39,245
Law enforcement	397,519	-	397,519
Unrestricted	<u>17,700,525</u>	<u>17,298,623</u>	<u>34,999,148</u>
Total Net Position	<u><u>\$77,284,678</u></u>	<u><u>52,938,985</u></u>	<u><u>130,223,663</u></u>

See accompanying notes to financial statements.

CITY OF LA VERGNE, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2017

Functions / Programs:	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental Activities:							
General government	\$3,341,787	580,762	-	-	(2,761,025)	-	(2,761,025)
Public safety:							
Police	6,695,161	502,454	142,299	59,000	(5,991,408)	-	(5,991,408)
Fire and emergency services	3,902,073	-	22,800	100,000	(3,779,273)	-	(3,779,273)
Highways and streets	2,969,611	-	967,805	1,687,434	(314,372)	-	(314,372)
Stormwater	855,709	1,068,562	-	-	212,853	-	212,853
Health and welfare	527,872	5,362	149,607	-	(372,903)	-	(372,903)
Recreation	1,239,543	67,165	-	1,367,091	194,713	-	194,713
Library	832,908	22,290	-	-	(810,618)	-	(810,618)
Interest on debt	443,926	-	-	-	(443,926)	-	(443,926)
Total Government Activities	20,808,590	2,246,595	1,282,511	3,213,525	(14,065,959)	-	(14,065,959)
Business-type Activities:							
Water and Sewer	9,798,636	11,884,903	-	1,665,039	-	3,751,306	3,751,306
Total Business-type Activities	9,798,636	11,884,903	-	1,665,039	-	3,751,306	3,751,306
Total Primary Government	\$30,607,226	14,131,498	1,282,511	4,878,564	(14,065,959)	3,751,306	(10,314,653)
General Revenues:							
Property taxes					\$7,525,369	-	7,525,369
In lieu tax - commercial					157,584	-	157,584
In lieu tax - utility					419,774	-	419,774
Sales taxes					7,707,482	-	7,707,482
Business taxes					1,076,007	-	1,076,007
Wholesale beer & liquor taxes					646,622	-	646,622
Franchise taxes					377,726	-	377,726
Hotel / Motel tax					87,821	-	87,821
Unrestricted state shared taxes:							
State shared income taxes					36,549	-	36,549
State shared beer tax					15,735	-	15,735
State shared sales tax					2,703,264	-	2,703,264
Other unrestricted other state and county shared taxes					30,519	-	30,519
Unrestricted investment earnings					20,971	5,535	26,506
Other					150,156	-	150,156
Total general revenues					20,955,579	5,535	20,961,114
Change in net position					6,889,620	3,756,841	10,646,461
Net position - beginning of year					70,395,058	49,182,144	119,577,202
Net position - end of year					\$77,284,678	52,938,985	130,223,663

See accompanying notes to financial statements

CITY OF LA VERGNE, TENNESSEE

**Balance Sheet
Governmental Funds**

June 30, 2017

	General Fund	Capital Project Fund Highways & Streets & Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$15,854,956	1,739,737	5,526,861	23,121,554
Receivables				
Property taxes	8,031,530	-	-	8,031,530
Other taxes	168,728	-	-	168,728
Due from other governments	1,925,281	-	869,746	2,795,027
Accounts receivable	9,831	-	98,796	108,627
Inventory of supplies, at cost	3,202	-	-	3,202
Total Assets	<u>\$25,993,528</u>	<u>1,739,737</u>	<u>6,495,403</u>	<u>34,228,668</u>
<u>Liabilities:</u>				
Accounts payable	\$183,569	426	46,781	230,776
Contracts payable	-	-	502,218	502,218
Accrued costs	233,606	-	69,285	302,891
Unearned revenue	22,871	-	-	22,871
Total Liabilities	<u>440,046</u>	<u>426</u>	<u>618,284</u>	<u>1,058,756</u>
<u>Deferred Inflows of Resources:</u>				
Unavailable revenue	<u>8,019,251</u>	<u>-</u>	<u>-</u>	<u>8,019,251</u>
<u>Fund Balance:</u>				
Nonspendable:				
Inventory	3,202	-	-	3,202
Restricted for:				
Law enforcement	21,155	-	240,130	261,285
Highways and streets	-	-	955,264	955,264
Stormwater	-	-	4,211,741	4,211,741
Senior citizens	-	-	39,245	39,245
Highways and streets capital projects	-	1,739,311	-	1,739,311
Law enforcement capital projects	-	-	136,234	136,234
Recreation capital projects	-	-	294,505	294,505
Unassigned	17,509,874	-	-	17,509,874
Total Fund Balances	<u>17,534,231</u>	<u>1,739,311</u>	<u>5,877,119</u>	<u>25,150,661</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$25,993,528</u>	<u>1,739,737</u>	<u>6,495,403</u>	<u>34,228,668</u>

See accompanying notes to financial statements.

CITY OF LA VERGNE, TENNESSEE

**Reconciliation of Balance Sheet to Statement of Net Position
of Governmental Activities**

June 30, 2017

Amounts reported for fund balance - total governmental funds	\$25,150,661
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and , therefore, are not reported in the funds.	67,399,563
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	
Property taxes receivable	325,051
Interest payable on long-term obligations are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet.	(105,779)
Internal service fund is used by management to charge the costs of medical insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.	
Cash	933,428
Accounts receivable	67,649
Accounts payable	(189,962)
Due to other funds	(340,000)
Gain and loss on bond refunding are amortized as a component of interest over the life of the bonds on the statement of net position.	100,189
Bond premiums and discounts are amortized as a component of interest over the life of the bonds on the statement of net position.	(204,102)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds.	
Governmental bonds, notes, obligations and capital leases payable	(15,349,082)
Compensated absences payable	(502,938)
Net position of governmental activities	<u>\$77,284,678</u>

See accompanying notes to financial statements.

CITY OF LA VERGNE, TENNESSEE

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds**

For the Year Ended June 30, 2017

		Capital Project Fund		
	General	Highways & Streets Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Taxes	\$17,596,060	-	-	17,596,060
Licenses and permits	530,629	900,782	1,228,654	2,660,065
Fines and fees	360,172	-	57,452	417,624
Intergovernmental	3,531,794	-	2,344,644	5,876,438
Uses of money and property	157,338	640	7,608	165,586
Miscellaneous	182,800	-	15,532	198,332
Total Revenue	<u>22,358,793</u>	<u>901,422</u>	<u>3,653,890</u>	<u>26,914,105</u>
<u>Expenditures</u>				
Current:				
General government	2,963,675	-	-	2,963,675
Public safety:				
Police	6,043,037	-	107,321	6,150,358
Fire and emergency services	3,356,973	-	-	3,356,973
Highways and streets	776,634	10,894	571,849	1,359,377
Stormwater	-	-	719,396	719,396
Health and welfare	394,012	-	132,157	526,169
Recreation	878,908	-	692	879,600
Library	606,504	-	-	606,504
Debt service	3,873,837	250,000	373,965	4,497,802
Capital outlay	795,677	589,923	1,853,627	3,239,227
Total Expenditures	<u>19,689,257</u>	<u>850,817</u>	<u>3,759,007</u>	<u>24,299,081</u>
Excess (deficiency) revenues over expenditures	<u>2,669,536</u>	<u>50,605</u>	<u>(105,117)</u>	<u>2,615,024</u>
<u>Other Financing Sources (Uses)</u>				
Issuance of debt	1,995,000	-	-	1,995,000
Debt issuance premium	117,236	-	-	117,236
Transfers from other funds	-	-	185,904	185,904
Transfers to other funds	(185,000)	-	(904)	(185,904)
Total Other Financing Sources (Uses)	<u>1,927,236</u>	<u>-</u>	<u>185,000</u>	<u>2,112,236</u>
Net Change in Fund Balance	<u>4,596,772</u>	<u>50,605</u>	<u>79,883</u>	<u>4,727,260</u>
Fund Balance, Beginning of Year	<u>12,938,650</u>	<u>1,688,706</u>	<u>5,797,236</u>	<u>20,424,592</u>
Increase (decrease) in reserve for inventory	(1,191)	-	-	(1,191)
Fund Balance, End of Year	<u>\$17,534,231</u>	<u>1,739,311</u>	<u>5,877,119</u>	<u>25,150,661</u>

See accompanying notes to financial statements.

CITY OF LA VERGNE, TENNESSEE

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2017

Amounts reported for net change in fund balance - total governmental funds	\$4,727,260
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. in the current period:	
Cost of assets acquired	3,239,227
Depreciation expense	(3,505,897)
Cost of capital assets disposed of in excess of accumulated depreciation	(11,502)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Property taxes	(17,449)
Contributed capital assets	833,863
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, loss on refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Debt repayment	3,988,172
Debt issuance	(1,995,000)
Premiums on debt issuance	(117,236)
Amortization of premiums, discounts and deferred amount on refundings	4,981
Interest is accrued on the outstanding bonds in the Statement of Activities, whereas in the governmental funds, an interest expenditure is reported when due:	
Interest on bonded debt	22,380
Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:	
Inventory	(1,191)
Compensated absences	(52,359)
Internal service funds are used by management to charge the costs of medical insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(225,629)
Change in net position of governmental activities	<u>\$6,889,620</u>

See accompanying notes to financial statements.

CITY OF LA VERGNE, TENNESSEE

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

General Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes:				
Real estate taxes	\$7,414,802	7,414,802	7,542,818	128,016
Payments in lieu of taxes	160,000	160,000	157,584	(2,416)
Business tax	701,500	701,500	1,076,007	374,507
Wholesale beer tax	410,000	410,000	484,367	74,367
Wholesale liquor tax	143,500	143,500	162,255	18,755
Local option sales tax	5,500,000	5,500,000	7,707,482	2,207,482
Franchise tax	322,000	322,000	377,726	55,726
Hotel/Motel tax	60,000	60,000	87,821	27,821
Total Taxes	14,711,802	14,711,802	17,596,060	2,884,258
Licenses and Permits				
Building permits	100,000	100,000	312,680	212,680
Plumbing and mechanical permits	13,500	13,500	69,156	55,656
Plan review fees	20,000	20,000	76,042	56,042
Beer and liquor licenses	4,300	4,300	6,251	1,951
Other permits	26,700	26,700	66,500	39,800
Total Licenses and Permits	164,500	164,500	530,629	366,129
Intergovernmental Revenues:				
State of Tennessee income tax	-	-	36,549	36,549
State of Tennessee beer tax	14,000	14,000	15,735	1,735
State of Tennessee sales tax	2,350,000	2,350,000	2,703,264	353,264
State of Tennessee petroleum special tax	65,000	65,000	65,822	822
State of Tennessee police supplements	28,000	28,000	30,000	2,000
State of Tennessee fire supplements	23,400	23,400	22,800	(600)
TVA and NES in lieu tax	435,000	435,000	419,774	(15,226)
Grants- federal and state	58,525	158,525	207,331	48,806
Other state and county shared taxes	203,920	203,920	30,519	(173,401)
Total Intergovernmental Revenues	3,177,845	3,277,845	3,531,794	253,949
Fines and forfeits	239,500	239,500	360,172	120,672
Uses of Property and Money:				
Penalties	30,000	30,000	27,483	(2,517)
Interest earned	3,000	3,000	17,750	14,750
Rent	18,000	18,000	18,000	-
Recreation fees	177,000	177,000	67,165	(109,835)
Library fees	29,800	29,800	22,290	(7,510)
Fees and commissions	5,000	5,000	4,650	(350)
Total Uses of Property and Money	262,800	262,800	157,338	(105,462)
Other:				
Contributions and private grants	16,200	16,200	28,476	12,276
Sale of capital assets	11,000	11,000	29,335	18,335
Miscellaneous	3,500	3,500	124,989	121,489
Total Other	30,700	30,700	182,800	152,100
Total Revenues	18,587,147	18,687,147	22,358,793	3,671,646
Expenditures:				
General Government:				
Current:				
Legislative Board:				
Salaries	29,400	29,400	29,400	-
Benefits and payroll taxes	72,384	72,384	72,772	(388)
Travel	4,000	4,000	1,550	2,450
Other	18,750	18,750	18,238	512
Total Legislative Board	124,534	124,534	121,960	2,574

Continued on next page

CITY OF LA VERGNE, TENNESSEE

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
General Government, Continued:				
Current, Continued:				
Judicial:				
Salaries	\$173,443	173,443	169,024	4,419
Benefits and payroll taxes	67,535	67,535	61,086	6,449
Contractual services and other	43,650	43,650	46,003	(2,353)
Total City and General Sessions Court	284,628	284,628	276,113	8,515
City Administration:				
Salaries	100,683	100,683	89,005	11,678
Benefits and payroll taxes	65,385	65,385	60,712	4,673
Memberships and publications	2,000	2,000	2,797	(797)
Supplies	6,500	6,500	7,150	(650)
Other	2,700	2,700	-	2,700
Travel	31,000	31,000	712	30,288
Total City Administration	208,268	208,268	160,376	47,892
City Recorder				
Salaries	83,100	83,100	85,469	(2,369)
Benefits and payroll taxes	47,851	47,851	45,179	2,672
Memberships and publications	7,300	7,300	4,618	2,682
Supplies	3,000	3,000	2,298	702
Repairs and maintenance	5,600	5,600	11,200	(5,600)
Other	7,500	7,500	4,880	2,620
Total City Recorder	154,351	154,351	153,644	707
Tax Administration:				
Salaries	92,026	92,026	94,120	(2,094)
Benefits and payroll taxes	37,692	37,692	37,187	505
Professional services	8,000	8,000	4,530	3,470
Supplies	7,000	7,000	4,897	2,103
Repairs and maintenance	5,500	5,500	5,493	7
Other	800	800	63	737
Tax relief	10,000	10,000	8,520	1,480
Total Tax Administration	161,018	161,018	154,810	6,208
Treasurer:				
Salaries	129,154	129,154	125,305	3,849
Benefits and payroll taxes	149,448	149,448	125,112	24,336
Memberships and publications	4,500	4,500	1,353	3,147
Supplies	7,700	7,700	7,323	377
Repairs and maintenance	13,122	13,122	13,028	94
Professional services	16,000	16,000	14,360	1,640
Other	16,700	16,700	15,657	1,043
Total Treasurer	336,624	336,624	302,138	34,486
Human Resources:				
Salaries	71,190	71,190	72,130	(940)
Benefits and payroll taxes	109,861	109,861	95,244	14,617
Memberships and publications	1,500	1,500	989	511
Travel	2,000	2,000	291	1,709
Supplies and other	4,400	4,400	1,997	2,403
Professional services	200,000	74,900	24,900	50,000
Employee relations	12,000	12,000	11,675	325
Total Human Resources	400,951	275,851	207,226	68,625

Continued on next page

CITY OF LA VERGNE, TENNESSEE

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures, Continued:				
General Government, Continued:				
Current, Continued:				
Engineering::				
Salaries	\$99,538	99,538	86,723	12,815
Benefits and payroll taxes	93,085	93,085	81,910	11,175
Memberships and publications	2,500	2,500	120	2,380
Supplies	13,250	13,250	9,889	3,361
Utilities	5,120	5,120	5,001	119
Other	16,500	16,500	167	16,333
Total Engineering	<u>229,993</u>	<u>229,993</u>	<u>183,810</u>	<u>46,183</u>
Information Technology:				
Salaries	90,274	90,274	59,678	30,596
Benefits and payroll taxes	67,641	67,641	48,276	19,365
Memberships and publications	30,200	30,200	24,512	5,688
Supplies	50,611	50,611	65,245	(14,634)
Telephone	155,000	155,000	170,180	(15,180)
Repairs and maintenance	52,000	52,000	47,804	4,196
Other	500	500	59	441
Total Information Technology	<u>446,226</u>	<u>446,226</u>	<u>415,754</u>	<u>30,472</u>
Codes Administration:				
Salaries	328,984	328,984	287,065	41,919
Benefits and payroll taxes	173,334	173,334	138,679	34,655
Memberships and publications	6,200	6,200	4,960	1,240
Utilities	4,300	4,300	5,001	(701)
Repairs and maintenance	8,500	8,500	5,555	2,945
Supplies	18,850	18,850	11,489	7,361
Professional services	5,000	5,000	12,023	(7,023)
Granta and donations	41,000	41,000	40,457	543
Other	15,907	15,907	2,377	13,530
Total Codes Administration	<u>602,075</u>	<u>602,075</u>	<u>507,606</u>	<u>94,469</u>
City Hall Building:				
Professional services	-	-	-	-
Memberships and publications	1,300	1,300	662	638
Utilities	38,200	38,200	42,190	(3,990)
Repairs and maintenance	63,100	63,100	36,562	26,538
Supplies	18,500	18,500	18,449	51
Equipment rentals and pole fee	24,500	24,500	20,012	4,488
Insurance	370,000	370,000	358,363	11,637
Other	4,000	4,000	4,000	-
Total City Hall Building	<u>519,600</u>	<u>519,600</u>	<u>480,238</u>	<u>39,362</u>
Total Current	3,468,268	3,343,168	2,963,675	379,493
Capital Outlay	40,000	70,000	166,604	(96,604)
Total General Government	<u>3,508,268</u>	<u>3,413,168</u>	<u>3,130,279</u>	<u>282,889</u>

Continued on next page

CITY OF LA VERGNE, TENNESSEE

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures, Continued:				
Public Safety:				
Police :				
Current:				
Salaries	\$3,762,618	3,762,618	3,727,101	35,517
Benefits and payroll taxes	1,706,181	1,706,181	1,497,296	208,885
Memberships and publications	6,500	6,500	7,417	(917)
Utilities	49,050	49,050	50,377	(1,327)
Communications	216,000	216,000	174,472	41,528
Professional services	35,000	35,000	35,252	(252)
Repairs and maintenance	173,000	173,000	211,460	(38,460)
Travel	15,000	15,000	16,206	(1,206)
K-9 operations	3,000	3,000	9,134	(6,134)
Supplies	353,765	353,765	297,812	55,953
Equipment rental	9,000	9,000	10,899	(1,899)
Other	16,000	16,000	5,611	10,389
Total Police	<u>6,345,114</u>	<u>6,345,114</u>	<u>6,043,037</u>	<u>302,077</u>
Fire Protection and Emergency Services				
Salaries	1,991,692	1,991,692	2,043,142	(51,450)
Benefits and payroll taxes	904,782	904,782	863,532	41,250
Memberships and publications	3,000	3,000	1,942	1,058
Utilities	36,000	36,000	35,038	962
Repairs and maintenance	88,500	144,500	146,287	(1,787)
Equipment rental	5,000	5,000	4,877	123
Supplies	140,000	213,000	193,721	19,279
Hazmat supplies	10,000	10,000	10,178	(178)
Professional services	2,000	2,000	833	1,167
Training	24,400	24,400	24,284	116
Grants, contributions and indemnities	25,000	25,000	25,000	-
Other	6,000	6,000	8,139	(2,139)
Total Fire Protection and Control	<u>3,236,374</u>	<u>3,365,374</u>	<u>3,356,973</u>	<u>8,401</u>
Total Current	9,581,488	9,710,488	9,400,010	310,478
Capital Outlay	395,000	440,000	417,837	22,163
Total Public Safety	<u>9,976,488</u>	<u>10,150,488</u>	<u>9,817,847</u>	<u>332,641</u>
Highways and Streets:				
Road Maintenance:				
Current:				
Salaries	260,861	260,861	250,447	10,414
Benefits and payroll taxes	170,248	170,248	143,886	26,362
Utilities	9,000	9,000	7,026	1,974
Repairs and maintenance	28,400	28,400	41,868	(13,468)
Professional services	110	110	357	(247)
Equipment rental	850	850	7,615	(6,765)
Supplies	69,300	69,300	69,279	21
Other	1,400	1,400	-	1,400
Total Road Maintenance	<u>540,169</u>	<u>540,169</u>	<u>520,478</u>	<u>19,691</u>
Fleet Maintenance:				
Salaries	75,843	75,843	69,599	6,244
Benefits and payroll taxes	36,603	36,603	29,713	6,890
Repairs and maintenance	85,500	115,500	125,848	(10,348)
Supplies and other	32,950	32,950	30,996	1,954
Total Fleet Maintenance	<u>230,896</u>	<u>260,896</u>	<u>256,156</u>	<u>4,740</u>
Total Current	771,065	801,065	776,634	24,431
Capital Outlay	70,000	79,100	82,901	(3,801)
Total Highways and Streets	<u>841,065</u>	<u>880,165</u>	<u>859,535</u>	<u>20,630</u>

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CITY OF LA VERGNE, TENNESSEE
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual, Continued
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
Health and Welfare:				
Health and social benefits::				
Current:				
Housing rehabs	\$ -	136,525	72,864	63,661
Total Health and social benefits	-	136,525	72,864	63,661
Culture and Tourism:				
Grants and contributions	31,335	31,335	31,335	-
Total Culture and Tourism	31,335	31,335	31,335	-
Economic Development				
Current:				
Salaries	95,275	95,275	102,828	(7,553)
Benefits and payroll taxes	48,900	48,900	47,142	1,758
Public relations and recruitment	21,000	21,000	18,402	2,598
Professional services	20,000	50,000	50,000	-
Supplies and repairs	12,300	12,300	8,194	4,106
Travel	7,000	12,000	8,199	3,801
Grants and contributions	39,000	39,000	39,000	-
Pageant and Christmas promotions	5,500	5,500	7,608	(2,108)
Other	5,500	10,500	8,440	2,060
Total Economic Development	254,475	294,475	289,813	4,662
Total Current	285,810	462,335	394,012	68,323
Capital Outlay	-	18,000	18,170	(170)
Total Health and Welfare	285,810	480,335	412,182	68,153
Recreation:				
Current:				
Salaries	425,276	425,276	393,003	32,273
Benefits and payroll taxes	272,448	272,448	237,664	34,784
Memberships	500	500	-	500
Utilities	82,500	82,500	67,429	15,071
Repairs and maintenance	70,500	70,500	48,042	22,458
Professional services	1,000	1,000	380	620
Public relations and community events	42,000	42,000	23,547	18,453
Supplies	70,500	70,500	53,435	17,065
Concession resale items	40,000	40,000	5,687	34,313
Equipment rental	4,500	4,500	4,301	199
Program and league expenditures	75,000	75,000	45,236	29,764
Other	7,750	7,750	184	7,566
Total Recreation	1,091,974	1,091,974	878,908	213,066
Total Current	1,091,974	1,091,974	878,908	213,066
Capital Outlay	10,000	10,000	36,295	(26,295)
Total Recreation	1,101,974	1,101,974	915,203	186,771
Library:				
Current:				
Salaries	336,845	336,845	306,938	29,907
Benefits and payroll taxes	125,151	125,151	116,184	8,967
Memberships and publications	10,500	10,500	4,385	6,115
Utilities	56,100	56,100	43,928	12,172
Professional services	300	300	238	62
Repairs and maintenance	42,000	42,000	39,042	2,958
Books and materials	74,900	74,900	37,342	37,558
Supplies	24,500	24,500	24,616	(116)
Equipment rental	12,000	12,000	9,851	2,149
Childrens' programs	20,000	20,000	23,564	(3,564)
Other	-	-	416	(416)
Total Library	702,296	702,296	606,504	95,792
Total Current	702,296	702,296	606,504	95,792
Capital Outlay	-	-	73,870	(73,870)
Total Library	702,296	702,296	680,374	21,922
Debt Service:				
Principal	1,455,822	3,570,822	3,530,822	40,000
Interest	305,055	305,055	303,122	1,933
Other charges - bond and service charges	1,800	54,800	39,893	14,907
Total Debt Service	1,762,677	3,930,677	3,873,837	56,840
Total Expenditures	18,178,578	20,659,103	19,689,257	969,846

Continued on next page

CITY OF LA VERGNE, TENNESSEE

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of Revenues Over (Under) Expenditures, Continued:				
Excess Revenues Over (Under) Expenditures	\$408,569	(1,971,956)	2,669,536	4,641,492
Other Financing Sources (Uses):				
Issuance of debt	-	2,115,000	1,995,000	(120,000)
Debt issuance premium	-	-	117,236	117,236
Transfer out	(185,000)	(185,000)	(185,000)	-
Total Other Financing Sources (Uses)	(185,000)	1,930,000	1,927,236	(2,764)
Net Change in Fund Balance	223,569	(41,956)	4,596,772	4,638,728
Fund Balance, Beginning of Year	12,938,650	12,938,650	12,938,650	-
Increase (decrease) in reserve for inventory	-	-	(1,191)	(1,191)
Fund Balance, End of Year	\$13,162,219	12,896,694	17,534,231	4,637,537

See accompanying notes to financial statements.

CITY OF LA VERGNE, TENNESSEE

**Statement of Net Position
Proprietary Funds**

June 30, 2017

	Activity Type	
	Business Enterprise Fund	Governmental Internal Service Fund
	Water & Sewer Fund	Medical Insurance Fund
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$15,056,439	\$933,428
Receivables:		
Utility customers / stop loss insurance , net of allowance for estimated uncollectible	2,200,026	67,649
Inventory, at cost	239,229	-
Total Current Assets	17,495,694	1,001,077
Noncurrent Assets:		
Restricted Assets: Cash - bond proceeds	7,400,476	-
Property, Plant and Equipment		
Land and improvements	976,993	-
Water storage rights	1,636,695	-
Water treatment plant	16,949,354	-
Structures and improvements	53,139,039	-
Operating equipment	5,888,866	-
Office furniture and equipment	429,671	-
Transportation equipment	725,886	-
Construction in progress	701,586	-
Less accumulated depreciation	(32,530,473)	-
Total Property, Plant and Equipment, Net	47,917,617	-
Total Noncurrent Assets	55,318,093	-
Total Assets	72,813,787	1,001,077
<u>Deferred Outflows of Resources:</u>		
Deferred amounts on refunding	166,149	-
<u>Liabilities:</u>		
Current Liabilities (payable from current assets):		
Accounts payable	\$255,754	189,962
Accrued expenses	103,193	-
Interest payable	172,124	-
Contracts payable	113,832	-
Current maturities of long-term debt	1,240,000	-
Total Current Liabilities (payable from current assets)	1,884,903	189,962
Current Liabilities (payable from restricted assets):		
Customer deposits	6,000	-
Total Current Liabilities	1,890,903	189,962
Long-term debt, net of current maturities	18,490,048	-
Total Liabilities	20,380,951	189,962
<u>Net Position</u>		
Net investment in capital assets	35,640,362	-
Unrestricted	16,958,623	811,115
Total Net Position	\$52,598,985	811,115
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	340,000	
Net position of business-type activities	\$52,938,985	

CITY OF LA VERGNE, TENNESSEE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities Enterprise Fund	Governmental- type Activities Internal Service Fund Self-Insured Medical Insurance Fund
<u>Operating Revenues</u>		
Water sales and related services	\$4,751,428	-
Sewer service charges	6,423,875	-
Fire service	68,756	-
Access charges	78,041	-
Other	111,987	-
Charges for services	-	3,216,710
Forfeited discounts	402,078	-
Total Operating Revenues	<u>11,836,165</u>	<u>3,216,710</u>
<u>Operating Expenses</u>		
Medical claims paid and related items	-	3,301,927
Sewer treatment charges	1,480,422	-
Salaries	1,386,910	-
Benefits and payroll taxes	521,321	-
Office supplies and materials	30,485	-
Telephone and utilities	199,269	-
Maintenance and repairs	494,069	-
Operating supplies	561,018	-
Insurance	277,998	326,094
Plant operation contract service	1,810,260	-
Professional services	207,934	51,000
Depreciation	1,976,929	-
Other	59,151	-
Total Operating Expenses	<u>9,005,766</u>	<u>3,679,021</u>
Operating Income (loss)	<u>2,830,399</u>	<u>(462,311)</u>
<u>Nonoperating Revenues (Expenses)</u>		
Interest income	5,484	385
Rent income	48,738	-
Interest expense	(556,522)	-
Total Nonoperating Revenues (Expenses)	<u>(502,300)</u>	<u>385</u>
Net Income (loss) Before Contributions	2,328,099	(461,926)
<u>Capital Contributions - tap fees</u>	1,070,649	-
<u>Capital Contributions - donated capital assets</u>	594,390	-
Change in Net Position	3,993,138	(461,926)
Net Position, Beginning of Year	48,605,847	1,273,041
Net Position, End of Year	<u>52,598,985</u>	<u>811,115</u>
Change in Net Position shown above	3,993,138	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	(236,297)	
Change in net position of business-type activities	<u>\$3,756,841</u>	

See accompanying notes to financial statements

CITY OF LA VERGNE, TENNESSEE

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2017

	Business-type Activities Enterprise Fund	Governmental- type Activities Internal Service Fund Self-Insured Medical Insurance Fund
<u>Cash Flows Provided (Used) by Operations</u>		
Cash received from customers	\$11,880,748	-
Premiums received	-	3,263,728
Cash paid to employees for services	(1,382,642)	-
Cash paid to suppliers of goods and services	(5,754,749)	(3,743,611)
Cash paid for customer deposits	(2,000)	-
Net Cash Provided (Used) by Operating Activities	4,741,357	(479,883)
<u>Cash Flows Provided (Used) by Capital Related Financing Activities</u>		
Contributions from customers and others	1,070,649	-
Purchase of property, plant and equipment	(754,166)	-
Interest paid on debt	(607,004)	-
Debt issuance proceeds	1,820,000	-
Cash from debt issuance premium	107,623	-
Payments on long-term debt	(3,115,000)	-
Net Cash Used by Capital Related Financing Activities	(1,477,898)	-
<u>Cash Flows Provided (Used) by Investing Activities</u>		
Rents received	48,738	-
Interest received on investments	5,484	385
Net Cash Provided (Used) by Investing Activities	54,222	385
Net Increase (Decrease) in Cash	3,317,681	(479,498)
Cash, Cash Equivalents and Restricted Cash, Beginning of year	19,139,234	1,412,926
Cash, Cash Equivalents and Restricted Cash, End of year	\$22,456,915	933,428
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations</u>		
Operating income (loss)	\$2,830,399	(462,311)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,976,929	-
(Increase) decrease in:		
Accounts receivable and other receivables	44,583	47,018
Inventory	(116,205)	-
Increase (decrease) in:		
Accounts payable	3,383	(64,590)
Accrued expenses	4,268	-
Customer deposits	(2,000)	-
Net Cash Provided (Used) from Operating Activities	\$4,741,357	(479,883)
<u>Supplemental Schedule of Non-Cash Capital Financing Activities</u>		
Contributed water and sewer lines	\$594,390	
Capital assets acquired with contracts payable	\$113,832	
Amortization of bond premiums	64,515	
Amortization of deferred amounts on refundings	(31,143)	
Capitalized interest	4,594	

See accompanying notes to financial statements

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of La Vergne, Tennessee was incorporated on February 1, 1972, under the Uniform City Manager-Commission charter. On May 10, 1988, the City, in a referendum election, approved the Mayor-Aldermanic charter, referenced in Tennessee Code Annotated Section 6-1-101, that replaced the City Manager-Commission charter.

The City provides the following services as authorized by its charter: public safety, highways and streets, cultural and recreation, public improvements, planning and zoning, utilities (water and sewer) and general administrative services. The City also administers an insurance internal service fund for the benefit of its employees.

The financial statements of the City of La Vergne have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

In evaluating, how to define the government, for financial reporting purposes, management has considered all potential component units in accordance with the Governmental Accounting Standards Board Statement Number 14. The financial statements present the reporting entity which consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's financial statements to be misleading or incomplete. At June 30, 2017, no potential component units were considered to meet the above criteria.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. At June 30, 2017 the City had no fiduciary activities or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants (including fines and fees) who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Highways and Streets Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of major government capital assets, improvements or repairs related to the roads and related assets of the City.

The City reports the following major proprietary funds:

The Water & Sewer Fund accounts for the water and waste water services provided to customers of the system.

Additionally, the City reports the following fund types:

Internal service fund, to account for costs associated with the employees' health insurance plan.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's utilities and various other functions of the government for which elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, (Continued)

Amounts reported as program revenues include (i) charges to customers or applicants (including fines and fees) for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the various utility funds and medical benefit fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash, Cash Equivalents and Investments

The City of La Vergne is authorized to invest in U.S. Treasury Bills bond or notes and certificates of deposit in local state and federal chartered banks and savings and loan associations as well as participate in the Local Government Investment Pool administered by the State of Tennessee. The pool contains investments in certificates of deposits, U.S. Treasury securities and Repurchase Agreements, backed by the U.S. Treasury Securities. The investment pool is administered by the Treasurer of the State of Tennessee. City of La Vergne policy, as required by state statutes, dictates that collateral meet certain requirements, such as, be deposited in an institution which participates in the State Collateral Pool or be deposited in an escrow account in another institution for the benefit of the City of La Vergne and must be a minimum of 105% of the value of the deposits placed in the institutions less the amount protected by federal deposit insurance. The state collateral pool is administered by the Treasurer of the State of Tennessee. Members of the pool may be required by agreement to pay an assessment to cover any deficiency. At June 30, 2017, all City cash deposits were in checking or pass book accounts at a local bank which participates in the State Collateral Pool.

Cash and cash equivalents consist of cash, savings accounts and short-term certificates of deposit with an original maturity of three months or less. Due to liquidity, the City considers the funds deposited in the local government investment pool as a cash equivalent for financial statement and cash flow purposes. The fair value of the position in the investment pool is the same as the value of the pool shares.

Inventory and Prepaid Items

Inventory of proprietary funds, principally materials, supplies and replacement parts, is valued using the first-in, first-out method (FIFO). Any inventories of governmental funds have been valued at cost also using the first-in, first-out method (FIFO). Inventory of governmental funds are accounted for on the purchase basis. On government-wide financial statements, inventories are expensed when used. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds.

All trade receivables and property tax receivables, are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 16.8 percent of outstanding undeferred receivable.

Capital Assets

Capital assets, which include property, plant, equipment, permanent water storage rights and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Gifts or contributions of capital assets, including intangible assets, are recorded at acquisition value when received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest income on unspent bond funds, is included as part of the capitalized value of the assets constructed.

There was \$4,594 in capitalized interest in fiscal year 2017 in the Water and Sewer Fund. The Water and Sewer Fund incurred \$561,116 in interest costs during the year.

Depreciation has been provided over estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Infrastructure (roads, bridges)	15-40 years
Buildings	25-50 years
Distribution systems	10-50 years
Equipment	3-10 years
Furniture and fixtures	3-10 years

Claims Payable

Medical insurance claims payable are classified as accounts payable and are recorded in accordance with GASB Statement Number 10.

Appropriations

Appropriations to other funds are accounted for as inter-fund transfers in the governmental fund statements, and are eliminated in the government-wide statements. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund. These are recorded as revenues in the fund being reimbursed and expenses in the fund reimbursing.

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

City policy permits the accumulation within certain limitations, of vacation and sick leave. Vacation leave may accumulate to a maximum of 30 days. Sick leave accumulation is unlimited. No amounts of sick days are vested in the event of employee termination.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations or retirements. Governmental funds compensated absences are generally liquidated by the General Fund.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond and note premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Loss or refunding is reported as deferred outflows of resources and amortized over the shorter period of the old or new debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued and premiums received on debt issuance are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as current period costs in the year of issuance in all financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has one item which qualifies for reporting in this category. Deferred charges on refunding are reported in the government-wide financial statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The *unavailable revenue* reported in the governmental funds balance sheet represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. The deferred inflows reported in the statement of net position consists primarily of assessed and unlevied property taxes and income taxes, and arises from imposed non-exchange revenues (property taxes) which are assessed prior to the end of the year but levied the subsequent year.

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification

In the government-wide financial statements, equity is shown as net position and classified into three components:

Net investment in capital assets – Capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (2) law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first and then unrestricted resources as they are needed.

Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance

In accordance with Governmental Accounting Standard Board (GASB) Statement 54, fund balance is reported in the fund financial statements under the following categories. *Nonspendable fund balance* represents amounts that are required to be maintained intact, such as inventories and prepaid items. *Restricted fund balance* is that portion of fund balance that can be spent only for the specific purposes stipulated by external resource or through enabling legislation. *Committed fund balance* includes amounts constrained to specific purposes as determined by formal action of the City using its highest level of decision-making authority, an ordinance by the City Board. Conversely, to rescind or modify a fund balance commitment, action by the City Board is also required. *Assigned fund balance* amounts are intended to be used by the City for specific purposes but do not meet the criteria to be restricted or committed. Intent may be stipulated by the Board, by resolution. Appropriations of fund balance to eliminate projected budgetary deficits in the subsequent year's budget are presented as assignments of fund balance, if applicable. *Unassigned fund balance* is the residual classification of the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance, however in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

It is the City's policy to first use the restricted fund balance when an expenditure is incurred for purposes for which both restricted and unrestricted funds are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Property Tax

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City's legal boundaries. Property taxes are secured by a statutory lien effective as of the original assessment date of January 1, and as such, an enforceable legal claim to the subsequent fiscal year levy exists at year end. Assessed values are established by the State of Tennessee at the following rates of assessed market value:

Industrial and Commercial Property

- Real	40%
- Personal	30%

Public Utility Property	55%
Farm and Residential Property	25%

Taxes were levied at a rate of \$.95 per \$100 and \$.95 per \$100 of assessed valuation for tax year 2017 and tax year 2016, respectively. Payments may be made during the period from October 1 through February 28. Current tax collections of \$7,601,830 for the fiscal year ended June 30, 2017 were approximately 98 percent of the tax levy. Delinquent taxes past due for fourteen months are turned over to the county clerk for collection.

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax (Continued)

The government-wide financial statements report property taxes receivable of \$7,961,530 which is net of an allowance for doubtful collections of \$70,000. Of this receivable amount, \$416,330 represents prior year property taxes, \$7,615,200 represents the estimated net realizable 2017 property taxes assessed but which will not be levied until the subsequent fiscal year, and which are included in deferred inflow of resources. The receivable reported in the governmental funds balance sheet is \$8,031,530 with an offsetting deferred inflow of resources for amounts not available at June 30, 2017. The amount included in other taxes receivable reported in the statements of \$168,728 is for beer, business, liquor, and hotel-motel taxes. There were no tax abatements requiring disclosure under GASB 77.

2) DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy, as required by state statutes, requires deposits to be 105 percent secured by collateral, less the amount of Federal Deposit Insurance Corporation insurance (FDIC) or deposited in an institution which participates in the State Collateral Pool. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service. Collateral agreements must be approved prior to deposit of funds as provided by law. The City approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of City staff. At June 30, 2017, there were no amounts exposed to custodial credit risk.

Investments

At June 30, 2017, the City had no investments.

3) CAPITAL ASSETS

Governmental Activities

Capital assets activity for the year ended June 30, 2017 was as follows:

<u>Asset</u>	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclasses</u>	<u>Balance June 30, 2017</u>
<u>Capital assets not being depreciated:</u>					
Land & right of way	\$ 5,588,277	89,492	-	-	5,677,769
Construction in process	211,277	1,619,387	-	-	1,830,664
<u>Capital assets being depreciated:</u>					
Buildings	8,925,259	105,404	(21,551)	-	9,009,112
Improvements other than buildings	6,967,137	-	-	-	6,967,137
Equipment	16,907,614	807,465	(282,286)	-	17,432,793
Infrastructure	71,316,446	1,451,342	-	-	72,767,788
Total	\$ 109,916,010	4,073,090	(303,837)	-	113,685,263
<u>Accumulated Depreciation</u>					
Buildings	\$ 2,971,527	225,519	(10,049)	-	3,186,997
Improvements other than buildings	2,905,828	175,741	-	-	3,081,569
Equipment	8,628,466	1,527,496	(282,286)	-	9,873,676
Infrastructure	28,566,317	1,577,141	-	-	30,143,458
Total accumulated depreciation	\$ 43,072,138	3,505,897	(292,335)	-	46,285,700
Governmental activities capital assets – net	\$ 66,843,872				67,399,563

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

3) CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

General Government	\$ 106,868
Public Safety	
Police	732,673
Fire	635,070
Highways and Streets	1,634,937
Stormwater	92,234
Health and Welfare	1,703
Recreation	222,170
Library	<u>80,242</u>
	<u>\$ 3,505,897</u>

Current year additions included \$774,863 of donated improvements from developers and \$59,000 for police equipment.

Business-Type Activities:

Capital assets of the Enterprise Fund consisted of the following at June 30, 2017:

<u>Asset</u>	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclasses</u>	<u>Balance June 30, 2017</u>
<u>Capital assets not being depreciated:</u>					
Land	\$ 976,993	-	-	-	976,993
Water storage rights	1,636,695	-	-	-	1,636,695
Construction in progress	180,185	744,230	-	(222,829)	701,586
<u>Capital assets being depreciated:</u>					
Utility plant and buildings	69,266,103	599,461	-	222,829	70,088,393
Machinery and equipment	<u>6,921,132</u>	<u>123,291</u>	-	-	<u>7,044,423</u>
Total capital assets	<u>78,981,108</u>	<u>1,466,982</u>	-	-	<u>80,448,090</u>
<u>Less accumulated depreciation:</u>					
Utility plant and buildings	25,276,909	1,721,774	-	-	26,998,683
Machinery and equipment	<u>5,276,635</u>	<u>255,155</u>	-	-	<u>5,531,790</u>
Total accumulated depreciation	<u>30,553,544</u>	<u>1,976,929</u>	-	-	<u>32,530,473</u>
Net capital assets	<u>\$ 48,427,564</u>				<u>47,917,617</u>

Depreciation expense for 2017 amounted to \$1,976,929.

Current year additions included \$594,390 of donated water and sewer lines.

4) RECEIVABLES

A summary of receivables at June 30, 2017 is as follows:

	<u>Major Governmental Fund</u>	<u>Nonmajor Funds</u>	<u>Water and Sewer Fund</u>	<u>Self Insured Medical Insurance Fund</u>	<u>Total</u>
Property tax	\$ 8,031,530	-	-	-	8,031,530
Other taxes	168,728	-	-	-	168,728
Customer & other	9,831	98,796	2,792,114	67,649	2,968,390
Other governments	1,925,281	869,746	-	-	2,795,027
Less allowance	<u>(70,000)</u>	-	<u>(592,088)</u>	-	<u>(662,088)</u>
Total	<u>\$ 10,065,370</u>	<u>968,542</u>	<u>2,200,026</u>	<u>67,649</u>	<u>13,301,587</u>

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

5) DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred inflows of resources consist of amounts that are unavailable to liquidate liabilities of the current period. At June 30, 2017 the various components of deferred outflows and inflows of resources were as follows:

	Government-wide Statements
<u>Deferred outflows of resources</u>	
Deferred charge on refunding	\$ 266,388
<u>Deferred inflows of resources</u>	
Property taxes- 2017 assessed and unlevied	\$ 7,615,200
Estimated 2017 unlevied Hall Income Tax	9,000
	\$ <u>7,624,200</u>

In the fund statements, deferred inflows of resources in the Proprietary Fund consists of deferred amounts on refunding. The deferred inflows of resources in the governmental funds of \$8,019,251 consist of unlevied property taxes of \$7,615,200, delinquent property taxes of \$395,051 and unavailable shared state and local taxes of \$9,000.

6) LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE

The government issues general obligation bonds, notes and enters into capital leases for the acquisition and construction of major capital facilities for general government purposes. These bonds, notes and capital leases are paid from the general fund and certain capital project funds with general government resources.

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. These bonds related to the Water and Sewer Enterprise Fund. Should water and sewer revenues be insufficient to pay the debt service, the debt is payable from the taxing authority of the City.

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Payable Within One Year
<u>Governmental Activities:</u>					
General obligations bonds	\$14,320,000	1,995,000	(3,395,000)	12,920,000	1,380,000
Capital lease obligation	1,771,518	-	(343,172)	1,428,346	354,303
Obligation to state	1,250,736	-	(250,000)	1,000,736	1,000,736
Compensated absences	450,579	380,602	(328,243)	502,938	425,000
Total	\$17,792,833	<u>2,375,602</u>	<u>(4,316,415)</u>	15,852,020	<u>3,160,039</u>
Bond premiums	115,199	<u>117,236</u>	<u>(28,333)</u>	204,102	
	\$17,908,032			<u>16,056,122</u>	
<u>Business-type Activities:</u>					
Revenue and tax bonds	\$20,545,000	1,820,000	(3,115,000)	19,250,000	<u>1,240,000</u>
Bond premiums	436,940	107,623	(64,515)	480,048	
	\$20,981,940	<u>1,927,623</u>	<u>(3,179,515)</u>	<u>19,730,048</u>	

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

6) LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE (Continued)

Long-term debt payable at June 30, 2017 is comprised of the following:

Governmental Activities

2009 General Obligation Public Improvement Bonds (\$4,125,000) due in annual installments through June 2024. Interest accrues at an average rate of 3.639%.	\$ 3,750,000
2014 General Obligation Refunding Bonds (\$2,630,000) due in annual installments through 2025. Interest accrues at 2% to 3%.	2,085,000
2015 General Obligation Refunding Bonds (\$5,420,000) due in annual installments through 2035. Interest accrues at 2% to 3.25%.	5,090,000
Obligation payable to the State of Tennessee related to road improvements.	1,000,736
2016 General Obligation Refunding Bonds (\$1,995,000) due in annual installments through October 2021. Interest accrues at 3%.	<u>1,995,000</u>
Total Governmental Activities	\$ <u>13,920,736</u>

Business-type activities

2015 Water and Sewer Revenue and Tax Refunding Bonds (\$13,585,000) due in annual installments through March 2033. Interest accrues at 2.0% to 3.3%.	\$ 12,195,000
2014 Water and Sewer Revenue and Tax Refunding Bonds (\$6,410,000) due in annual installments through 2025. Interest accrues at 2% to 3%.	5,235,000
2016 Water and Sewer Revenue and Tax Refunding Bonds (\$1,820,000) due in annual installments through October 2021. Interest accrues at 3%.	<u>1,820,000</u>
Total Business-type activities	\$ <u>19,250,000</u>

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2017 including interest payments are as follows:

		Enterprise Fund	General Long Term Obligations		
<u>Year</u>		<u>Bonds</u>	<u>Notes & Bonds</u>	<u>Interest</u>	<u>Total</u>
2018	\$	1,240,000	2,380,736	942,670	4,563,406
2019		1,245,000	1,405,000	856,706	3,506,706
2020		1,225,000	1,430,000	782,585	3,437,585
2021		1,220,000	1,435,000	705,086	3,360,086
2022		1,200,000	1,465,000	629,005	3,294,005
2023-2027		6,150,000	3,270,000	2,225,035	11,645,035
2028-2032		5,875,000	1,515,000	1,042,150	8,432,150
2033-2035		<u>1,095,000</u>	<u>1,020,000</u>	<u>103,085</u>	<u>2,218,085</u>
	\$	<u>19,250,000</u>	<u>13,920,736</u>	<u>7,286,322</u>	<u>40,457,058</u>

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

6) LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE (Continued)

Refundings

During the year, the City currently refunded the 2006 General Obligation Bonds in the amount of \$2,075,000 and the 2006 Water and Sewer Revenue and Tax bonds in the amount of \$1,890,000. The refunding was funded by the issuance of \$1,995,000 General Obligation Refunding Bonds and \$1,820,000 Water and Sewer Revenue and Tax Refunding Bonds. The refunding reduced debt service of the governmental activities by \$136,165 and Water and Sewer debt services by \$121,986 with a net present value benefit of \$123,822 and \$114,521 respectively.

Advance Refundings

The City's prior year's advance refunding issues that have underlying refunded debt outstanding at June 30, 2017, consisted of the following:

Defeased Debt	
<u>Description of Issues Refunded</u>	<u>Balance 6/30/2017</u>
Water and Sewer Revenue and Tax Bonds 2001	\$ 1,880,000
General Obligation Bonds 2001	<u>2,075,000</u>
	<u>\$ 3,955,000</u>

Debt Coverage

The Water and Sewer Revenue and Tax Bonds do not require specific debt coverage ratios. The revenue of the system as well as the taxing authority of the City secure the debt.

Capital Leases

The City entered into leases for the purchase of certain public safety communications equipment. The leases require repayment terms and have been accounted for as financing transactions. The City will have title to the assets by satisfying the minimum lease payments. The assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Communication equipment	\$ 2,860,623
Less accumulated depreciation	<u>(1,437,426)</u>
	<u>\$ 1,423,197</u>

The future minimum lease obligations and net present value of those payments are as follows:

	<u>Lease Obligations</u>				<u>Total</u>
2018	\$ 163,340	129,053	37,551	65,270	395,214
2019	163,339	129,053	-	65,270	357,662
2020	163,340	129,053	-	65,270	357,663
2021	163,339	-	-	65,270	228,609
2022	-	-	-	65,270	65,270
2023-2024	-	-	-	<u>130,540</u>	<u>130,540</u>
	653,358	387,159	37,551	456,890	1,534,958
Less amount representing interest					
Present value of lease obligations	<u>(30,801)</u>	<u>(35,649)</u>	<u>(1,782)</u>	<u>(38,380)</u>	<u>(106,612)</u>
	<u>\$ 622,557</u>	<u>351,510</u>	<u>35,769</u>	<u>418,510</u>	<u>1,428,346</u>

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

7) DEFINED CONTRIBUTION PENSION PLAN AND DEFERRED COMPENSATION PLAN

The City offers its employees a defined contribution and salary reduction plan created in accordance with Internal Service Code Sections 401 (a) and 457. The plans' participation is optional and are available to fulltime employees after 90 days of service. The plans allow employees to defer a portion of their salary to future years. The plans may be amended or terminated by action of the City board, however no termination or amendment shall affect the rights of a participants' credited benefits or rights to receive benefits. The plans provide that all assets and all income attributable to those assets are solely the property of the respective employees and accordingly are not reported as City assets. The plans are administered by ICMA Retirement Services, a non-profit financial services corporation. Separate financial statements are not available for the plans.

Deferred Compensation Plan (City of La Vergne 457 Deferred Compensation Plan)

Monthly contributions are optional up to IRS regulated amounts. Employee benefits are available after separation from service, death, after age 70 1/2 and emergency withdrawals as defined by the IRS. Total contributions by employees were \$89,420.

Defined Contribution Plan (City of La Vergne 401 (a) Money Purchase Plan)

Monthly contributions are optional and a 1% employee contribution of gross wages is required to receive a 4.5% maximum matching contribution by the City. Employees are 100% vested upon participation which results in no forfeitures of matching contributions. Employee benefits are available after separation of service or after age 70 1/2. The plan also allows loans from the plan. Benefits of a defined contribution plan depend solely on amounts contributed to the plan plus investments earnings.

The City's total payroll in fiscal year 2017 was \$9,227,119. The City's contributions were calculated using the base salary amount of \$6,969,799. The contributions to the plan by the City for the year ended June 30, 2017 were \$313,634 (4.5% of covered payroll) and total contributions by employees were \$69,698 (1% covered payroll).

8) COMMITMENTS AND CONTINGENCIES

Litigation

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. Some of these matters will be covered by the City's insurance programs should unfavorable outcomes materialize. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City.

Contractual Agreements

The City is under contract with the Metropolitan Government of Nashville and Davidson County, Tennessee (Metro) to provide sewer treatment services for its customers. The City paid \$1,466,951 under the contract for 2017. The contract is through November 2019.

The City has a contract with an engineering company to provide for operating services of the water treatment plant. The contract provides for a monthly charge plus an amount for excess maintenance and utilities. The contract is through February 2018 and during fiscal 2017 the City paid \$1,810,260 under the contract. The fiscal year 2018 annual base amount is \$1,846,210.

Construction Contracts

The City has one general government contract and two utility related contracts which total approximately \$1,861,518 which were approximately 87% complete at June 30, 2017.

Grant Programs

The City participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs.

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

8) COMMITMENTS AND CONTINGENCIES, Continued

Contingencies

The City previously participated in the Local Government Insurance Cooperative (LOGIC), a public entity risk pool that operated as a common risk management and workers' compensation insurance program for approximately one hundred governmental entities. LOGIC was self-sustaining through member premiums and also obtained specific excess and aggregate excess coverage through a commercial insurance company. The City has learned the commercial insurance company is in bankruptcy, and the City may be assessed by LOGIC to help cover claims incurred during the City's participation. All known assessments have accrued. The City does not believe, based on current information, any potential future assessments would be material to the City's financial statements.

The State of Tennessee Department of Transportation claims the City owes \$747,025 in costs related to improvements to a road completed in 2014. This claim is included in the general long term debt of the City. In reviewing these costs subsequent to the State making the claim, the City believes costs could have been mistakenly charged to the project and has filed a complaint against the State to resolve this issue. No provision has been made in the financial statements related to the City's claim.

9) INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to obligations for operating transfers between funds. The consolidation of the internal service fund resulted in an internal balance of \$340,000.

Interfund transfers for the year ended June 30, 2017 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	Transfer In		
	Other Governmental Funds		
			Highways and Streets
	Senior	Drug	Capital
	Citizens	Enforcement	Projects
<u>Transfer from:</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
General Fund	\$ 55,000	30,000	100,000
Problem Solving Fund	-	904	-

10) RISK MANAGEMENT

The City has chosen to establish the Self Insured Medical Insurance Fund (internal service fund) for risks associated with the employees' health insurance plan. The fund is accounted for as an internal service fund where assets are set aside for claim settlements. The City retains the risk of loss to a limit of \$75,000 per employee, and \$3,631,831 aggregate annual cap which includes stop loss and administration fees. The City has obtained a stop/loss commercial insurance policy to cover claims beyond this liability. All full-time employees of the government are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on estimates made by an outside insurance consultant of the amounts needed to pay prior and current year claims and to establish an amount for catastrophic losses. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The process used to compute claims liabilities does not necessarily result in an exact amount. For the government-wide statements the activity and assets and liabilities of this fund have been allocated to the participating funds.

Changes in the balance of claims liabilities during the past three fiscal years are as follows:

	Beginning-of-Fiscal-Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Fiscal Year-End
2014-2015	148,881	3,052,963	(2,983,691)	218,153
2015-2016	218,153	2,503,895	(2,467,496)	254,552
2016-2017	254,552	3,077,589	(3,142,179)	189,962

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

10) RISK MANAGEMENT, Continued

The City is exposed to various other risks and losses. The City deemed it was more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for general liability, property and casualty, and workers compensation coverage. The City participates in the TML Insurance Pool which is a public entity risk pool established by the Tennessee Municipal League, an association of member Cities. The City pays an annual premium to the TML for its general liability, property and casualty and workers compensation insurance coverage. The creation of the pool provides for it to be self-sustaining through member premiums. The pool reinsures through commercial insurance companies for claims in excess of certain amounts for each insured event. Settled claims from these losses have not exceeded insurance coverage in any of the past three fiscal years.

11) BUDGET COMPLIANCE AND ACCOUNTABILITY

The City of La Vergne is required by State statute to adopt an annual budget. The City legally adopts budgets for all governmental funds. These budgets are prepared on the basis that current available funds must be sufficient to meet current expenditures. Expenditures may not legally exceed appropriations authorized by the Board of Mayor and Aldermen. The City's budgetary basis is consistent with generally accepted accounting principles. The legal level of budgetary control is at the department level. Any changes to departmental total budgets must be approved by the council.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The City Administrator submits to the Board of Mayor and Aldermen a proposed operating budget for the fiscal year commencing July 1. The operating departmental budget establishes the budgetary level of control for the proposed expenditures and the means of financing them.
2. Public hearings are conducted at the City Hall to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance. In no event shall the total appropriations for any fund included in the budget exceed the estimated revenues and unappropriated fund balance.
4. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
5. Budgets are adopted on a basis generally consistent with generally accepted accounting principles (GAAP). These budget appropriations lapse at year end.

During the fiscal year, the General Fund original budget was amended by increasing budgeted expenditures \$2,480,525 (13.6%). The primary amendments related to debt service expenditures for a bond refunding in the amount of \$2,168,000 and health and welfare expenditures for a home rehabilitation grant in the amount of \$136,525. The original budget for the Highways and Streets Capital Projects Fund (major fund) was increased by \$414,500 for road projects. The original budgets for the nonmajor governmental funds were increased by \$204,015 primarily related to infrastructure improvements in the Stormwater Fund.

CITY OF LA VERGNE, TENNESSEE

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2017

12) SUBSEQUENT EVENTS

Subsequent to year end to City contracted to replace certain commercial and industrial meters as part of the City's program to reduce water loss. The contract is for approximately \$997,000 and will be funded by existing reserves.

NONMAJOR GOVERNMENT FUNDS

State Street Aid Fund accounts for the state shared gasoline taxes and the usage of these monies for street maintenance.

Drug Enforcement Fund accounts for drug fines and grants received and usage of those monies to further drug education and investigations.

Stormwater Fund accounts for fees collected specifically to provide funds to address stormwater run-off.

Problem Solving/Redeployment Fund accounts for revenues from grants received for the purpose of deterring crime and the expenditures related to the grant.

Senior Citizens Fund accounts for grant revenues and expenditures related to the operation of the senior citizens center.

Police Impact Fee Fund accounts for fees collected specifically to provide funds for public safety capital items.

Parks and Recreation Improvement Fund accounts for revenues, primarily impact fees, and expenditures associated with the construction and improvement of parks and recreational facilities.

CITY OF LA VERGNE, TENNESSEE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2017

	Special Revenue Funds					Capital Projects Funds		Total
	State Street Aid Fund	Drug Enforcement Fund	Stormwater Fund	Problem Solving Redeployment Grant Fund	Senior Citizens Fund	Police Impact Fee Fund	Parks and Recreation Improvement Fund	
<u>Assets</u>								
Cash in bank	\$821,230	303,206	4,125,848	-	35,114	136,234	105,229	5,526,861
Accounts receivable	-	-	98,796	-	-	-	-	98,796
Due from other governments	156,797	476	-	-	6,697	-	705,776	869,746
Total Assets	<u>\$978,027</u>	<u>303,682</u>	<u>4,224,644</u>	<u>-</u>	<u>41,811</u>	<u>136,234</u>	<u>811,005</u>	<u>6,495,403</u>
<u>Liabilities and Fund Balance</u>								
Liabilities:								
Accounts payable	\$22,763	2,088	5,082	-	2,566	-	14,282	46,781
Accrued liabilities	-	61,464	7,821	-	-	-	-	69,285
Contract payable	-	-	-	-	-	-	502,218	502,218
Total Liabilities	<u>22,763</u>	<u>63,552</u>	<u>12,903</u>	<u>-</u>	<u>2,566</u>	<u>-</u>	<u>516,500</u>	<u>618,284</u>
Fund balance:								
Restricted	<u>955,264</u>	<u>240,130</u>	<u>4,211,741</u>	<u>-</u>	<u>39,245</u>	<u>136,234</u>	<u>294,505</u>	<u>5,877,119</u>
Total Fund Balance	<u>955,264</u>	<u>240,130</u>	<u>4,211,741</u>	<u>-</u>	<u>39,245</u>	<u>136,234</u>	<u>294,505</u>	<u>5,877,119</u>
Total Liabilities and Fund Balance	<u>\$978,027</u>	<u>303,682</u>	<u>4,224,644</u>	<u>-</u>	<u>41,811</u>	<u>136,234</u>	<u>811,005</u>	<u>6,495,403</u>

CITY OF LA VERGNE, TENNESSEE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds					Capital Projects Funds		
	State Street Aid Fund	Drug Enforcement Fund	Stormwater Fund	Problem Solving Redeployment Grant Fund	Senior Citizens Fund	Police Impact Fee Fund	Parks and Recreation Improvement Fund	Total
Revenues:								
Intergovernmental:								
State gasoline and motor fuel taxes	\$901,983	-	-	-	-	-	-	901,983
Grants and appropriations	-	77,832	-	-	73,000	-	1,291,829	1,442,661
Total Intergovernmental	901,983	77,832	-	-	73,000	-	1,291,829	2,344,644
Fines, forfeitures and seizures	-	57,452	-	-	-	-	-	57,452
Licenses and permits	-	-	1,068,562	-	-	84,830	75,262	1,228,654
Uses of Money and Property:								
Interest	303	117	1,620	-	29	38	139	2,246
Program revenue	-	-	-	-	5,362	-	-	5,362
Total Uses of Money and Property	303	117	1,620	-	5,391	38	139	7,608
Other Revenues - called bonds / contributions	11,789	-	-	-	3,743	-	-	15,532
Total Revenues	914,075	135,401	1,070,182	-	82,134	84,868	1,367,230	3,653,890
Expenditures:								
Current:								
Public safety	-	106,916	-	15	-	390	-	107,321
Highways and Streets	571,849	-	-	-	-	-	-	571,849
Health and welfare	-	-	-	-	132,157	-	-	132,157
Recreation	-	-	-	-	-	-	692	692
Stormwater	-	-	719,396	-	-	-	-	719,396
Total Current	571,849	106,916	719,396	15	132,157	390	692	1,531,415
Capital outlay	-	58,193	176,047	-	-	-	1,619,387	1,853,627
Debt service	373,965	-	-	-	-	-	-	373,965
Total Expenditures	945,814	165,109	895,443	15	132,157	390	1,620,079	3,759,007
Excess (deficiency) of revenues over expenditures	(31,739)	(29,708)	174,739	(15)	(50,023)	84,478	(252,849)	(105,117)
Other Financing Sources (Uses):								
Transfer in (out)	-	30,904	-	(904)	55,000	-	100,000	185,000
Net Change in Fund Balance	(31,739)	1,196	174,739	(919)	4,977	84,478	(152,849)	79,883
Fund Balance, Beginning of year	987,003	238,934	4,037,002	919	34,268	51,756	447,354	5,797,236
Fund Balance, End of Year	\$955,264	240,130	4,211,741	-	39,245	136,234	294,505	5,877,119

CITY OF LA VERGNE, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

State Street Aid Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State gasoline and motor fuel tax and fees	\$875,000	875,000	901,983 *	26,983
Uses of Money and Property:				
Interest	320	320	303	(17)
Other revenue - called bonds, miscellaneous	-	-	11,789	11,789
Total Revenues	875,320	875,320	914,075	38,755
Expenditures:				
Current:				
Street maintenance - repairs	300,000	300,000	292,524	7,476
Lighting	310,000	310,000	279,325	30,675
Total Current	610,000	610,000	571,849	38,151
Capital outlay	-	-	-	-
Debt service				
Principal	207,350	207,350	207,350	-
Interest	166,578	166,578	166,615	(37)
Total Debt service	373,928	373,928	373,965	(37)
Total Expenditures	983,928	983,928	945,814	38,114
Excess (deficiency) of revenues over expenditures	(108,608)	(108,608)	(31,739)	76,869
Fund Balance, Beginning of Year	987,003	987,003	987,003	-
Fund Balance, End of Year	\$878,395	878,395	955,264	76,869

* Gas1989 tax	\$99,161
Gas 3 cent tax	184,043
Gasoline & motor fuel city tax	618,779
	<u>\$901,983</u>

CITY OF LA VERGNE, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

Drug Enforcement Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Intergovernmental:				
Grants	\$25,000	25,000	77,832	52,832
Fines forfeitures and seizures	-	43,000	57,452	14,452
Uses of Money and Property:				
Interest	60	60	117	57
Total Revenue	25,060	68,060	135,401	67,341
Expenditures:				
Current:				
Public Safety:				
DARE program	12,500	12,500	6,928	5,572
Investigative operations	40,000	40,000	21,689	18,311
Training and travel	24,250	24,250	32,648	(8,398)
Repairs and maintenance	10,000	10,000	3,500	6,500
Drug enforcement supplies	81,750	81,750	42,151	39,599
Total Current	168,500	168,500	106,916	61,584
Capital outlay	34,000	34,000	58,193	(24,193)
Total Expenditures	202,500	202,500	165,109	37,391
Excess (deficiency) of revenues over expenditures	(177,440)	(134,440)	(29,708)	104,732
Other Financing Sources (Uses):				
Transfer in (out)	30,000	30,904	30,904	-
Net Change in Fund Balance	(147,440)	(103,536)	1,196	104,732
Fund Balance, Beginning of Year	238,934	238,934	238,934	-
Fund Balance, End of Year	\$91,494	135,398	240,130	104,732

CITY OF LA VERGNE, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

Stormwater Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, permits and fees	\$1,058,000	1,058,000	1,068,562	10,562
Uses of money and property:				
Interest	1,500	1,500	1,620	120
Total Revenues	1,059,500	1,059,500	1,070,182	10,682
Expenditures:				
Stormwater:				
Current:				
Salaries and wages	416,889	416,889	408,237	8,652
Benefits	132,642	132,642	123,027	9,615
Supplies	71,650	71,650	42,812	28,838
Repairs and maintenance	67,719	67,719	49,054	18,665
Professional services	63,600	63,600	8,028	55,572
Insurance	70,000	70,000	69,373	627
Other	38,000	38,000	18,865	19,135
Total Current	860,500	860,500	719,396	141,104
Capital outlay	-	199,000	176,047	22,953
Total Expenditures	860,500	1,059,500	895,443	164,057
Excess (deficiency) of revenues over expenditures	199,000	-	174,739	174,739
Fund Balance, Beginning of Year	4,037,002	4,037,002	4,037,002	-
Fund Balance, End of Year	\$4,236,002	4,037,002	4,211,741	174,739

CITY OF LA VERGNE, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

Problem Solving/Redeployment Grant Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Revenue	\$ -	-	-	-
Expenditures:				
Public Safety:				
Current:				
Supplies	-	15	15	-
Total Current	-	15	15	-
Total Expenditures	-	15	15	-
Excess (deficiency) of revenues over expenditures	-	(15)	(15)	-
Other Financing Sources (Uses):				
Transfer in (out)	-	(904)	(904)	-
	-	(919)	(919)	-
Fund Balance, Beginning of Year	919	919	919	-
Fund Balance, End of Year	<u>\$919</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF LA VERGNE, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

Senior Citizens Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Grants and appropriations	\$72,300	72,300	73,000	700
Uses of money and property:				
Charges for services	5,000	5,000	5,362	362
Interest	35	35	29	(6)
Total Uses of Money and Property	5,035	5,035	5,391	356
Other revenues-contributions	3,000	3,000	3,743	743
Total Revenues	80,335	80,335	82,134	1,799
Expenditures:				
Heath and Welfare:				
Current:				
Salaries	83,500	83,500	83,500	-
Utilities	15,000	15,000	10,524	4,476
Supplies	16,150	21,150	23,403	(2,253)
Program expenditures	5,800	5,800	9,273	(3,473)
Repairs and maintenance	4,500	4,500	3,934	566
Travel	2,300	2,300	1,523	777
Other	-	-	-	-
Total Current	127,250	132,250	132,157	93
Capital Outlay	-	-	-	-
Total Expenditures	127,250	132,250	132,157	93
Excess (deficiency) of revenues over expenditures	(46,915)	(51,915)	(50,023)	1,892
Other Financing Sources (Uses):				
Transfer from General Fund	55,000	55,000	55,000	-
Net Change in Fund Balance	8,085	3,085	4,977	1,892
Fund Balance, Beginning of Year	34,268	34,268	34,268	-
Fund Balance, End of Year	\$42,353	37,353	39,245	1,892

CITY OF LA VERGNE, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

Police Impact Fee Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$20,000	20,000	84,830	64,830
Uses of money and property:				
Interest	50	50	38	(12)
Total Revenues	20,050	20,050	84,868	64,818
Expenditures:				
Public Safety:				
Current:				
Supplies	400	400	390	10
Capital Outlay	-	-	-	-
Total Expenditures	400	400	390	10
Excess (deficiency) of revenues over expenditures	19,650	19,650	84,478	64,828
Fund Balance, Beginning of Year	51,756	51,756	51,756	-
Fund Balance, End of Year	<u>\$71,406</u>	<u>71,406</u>	<u>136,234</u>	<u>64,828</u>

CITY OF LA VERGNE, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

Parks and Recreation Improvement Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Grants	\$1,383,089	1,383,089	1,291,829	(91,260)
Licences and permits	20,000	20,000	75,262	55,262
Uses of Money and Property:				
Interest	600	600	139	(461)
Contributions	-	-	-	-
Total Revenue	1,403,689	1,403,689	1,367,230	(36,459)
Expenditures:				
Recreation				
Current:				
Program cost	600	600	692	(92)
Total Current	600	600	692	(92)
Capital Outlay	1,823,089	1,823,089	1,619,387	203,702
Total Expenditures	1,823,689	1,823,689	1,620,079	203,610
Excess (deficiency) of revenues over expenditures	(420,000)	(420,000)	(252,849)	167,151
Other Financing Sources (Uses):				
Transfer in	100,000	100,000	100,000	-
Fund Balance , Beginning of Year	447,354	447,354	447,354	-
Fund Balance , End of Year	<u>\$127,354</u>	<u>127,354</u>	<u>294,505</u>	<u>167,151</u>

CITY OF LA VERGNE, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

**Highways and Streets Fund
Capital Projects Fund**

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licences and permits	\$200,000	200,000	900,782	700,782
Uses of Money and Property:				
Interest	275	275	640	365
Total Revenue	200,275	200,275	901,422	701,147
Expenditures:				
Highways and Streets:				
Current:				
Repairs and maintenance	14,600	14,600	10,894	3,706
Total Current	14,600	14,600	10,894	3,706
Capital outlay	206,000	620,500	589,923	30,577
Debt service				
Principal	250,000	250,000	250,000	-
Total Expenditures	470,600	885,100	850,817	34,283
Excess (deficiency) of revenues over expenditures	(270,325)	(684,825)	50,605	735,430
Fund Balance Beginning of Year	1,688,706	1,688,706	1,688,706	-
Fund Balance End of Year	\$1,418,381	1,003,881	1,739,311	735,430

CITY OF LA VERGNE, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity

June 30, 2017

Function and Activity:	<u>Land</u>	<u>Buildings & Improvements</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
General Government	\$258,578	970,295	72,939	1,757,239	-	-	3,059,051
Public Safety							
Police	1,183	729,334	111,300	7,103,508	-	-	7,945,325
Fire	813,000	1,704,948	-	5,885,077	-	-	8,403,025
Highways and Streets	3,410,228	49,800	-	902,239	72,591,741	-	76,954,008
Stormwater	-	983,870	374,064	675,406	176,047	-	2,209,387
Health and Welfare	-	64,075	7,800	38,400	-	-	110,275
Recreation	392,013	1,246,935	6,389,368	747,664	-	1,830,664	10,606,644
Library	802,767	3,259,855	11,666	323,260	-	-	4,397,548
Total governmental capital assets	<u>\$5,677,769</u>	<u>9,009,112</u>	<u>6,967,137</u>	<u>17,432,793</u>	<u>72,767,788</u>	<u>1,830,664</u>	<u>113,685,263</u>

CITY OF LA VERGNE, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds

**Schedule of Changes in Capital Assets
By Function and Activity**

For the Year Ended June 30, 2017

Function and Activity:	Balance July 1, 2016	Additions	Reclasses & Deletions	Balance June 30, 2017
General Government	\$2,880,787	184,774	6,510	3,059,051
Public Safety				
Police	7,716,563	490,029	261,266	7,945,326
Fire	8,358,024	45,000		8,403,024
Highways and Streets	75,516,842	1,447,688	10,522	76,954,008
Stormwater	2,033,340	176,047	-	2,209,387
Health and Welfare	105,280	-	(4,995)	110,275
Recreation	8,980,572	1,655,682	29,610	10,606,644
Library	4,324,602	73,870	924	4,397,548
Total governmental capital assets	<u>\$109,916,010</u>	<u>4,073,090</u>	<u>303,837</u>	<u>113,685,263</u>

CITY OF LA VERGNE TENNESSEE

Schedule of Cash and Cash Equivalents

All Funds

June 30, 2017

Major Governmental Funds

<u>Type of Account</u>	<u>Amount</u>
General Fund :	
Demand deposits and savings	\$15,853,906
Change funds	1,050
Total General Fund	<u>15,854,956</u>
State Street Aid Fund :	
Demand deposits and savings	<u>821,230</u>
Highways and Streets Improvement Fund :	
Demand deposits and savings	<u>1,739,737</u>
<u>Nonmajor Governmental Funds</u>	
Stormwater Fund :	
Demand deposits and savings	<u>4,125,848</u>
Drug Enforcement Fund :	
Demand deposits and savings	303,206
Cash on hand	-
Total Drug Enforcement Fund	<u>303,206</u>
Senior Citizens Fund :	
Cash	100
Demand deposits and savings	35,014
Total Senior Citizens Fund	<u>35,114</u>
Police Impact Fee Fund :	
Demand deposits and savings	<u>136,234</u>
Parks and Recreation Improvement Fund :	
Demand deposits and savings	<u>105,229</u>

Proprietary Funds

Water and Sewer Fund :	
Change funds	250
Demand deposits and savings	22,456,665
Total Water and Sewer Fund	<u>22,456,915</u>
Self Insured Medical Insurance Trust Fund :	
Demand deposits and savings	<u>933,428</u>
Total Cash and Cash Equivalents	<u><u>\$46,511,897</u></u>

CITY OF LA VERGNE, TENNESSEE

Schedule of Changes in Property Taxes Receivable

General Fund

For the Year Ended June 30, 2017

<u>Fiscal Year</u>	<u>Property Tax Receivable Balance June 30, 2016</u>	<u>Assessments</u>	<u>Collections</u>	<u>Adjustments</u>	<u>Property Tax Receivable Balance June 30, 2017</u>
2016 - 2017	\$ -	7,726,787	(7,601,830)	(3,752)	121,205
2015 - 2016	147,613	-	(66,182)	(3,714)	77,717
2014 - 2015	71,918	-	(29,497)	-	42,421
2013 - 2014	60,179	-	(6,088)	(19,354)	34,737
2012 - 2013	26,873	-	(3,193)	-	23,680
2011 - 2012	28,777	-	(1,638)	-	27,139
2010 - 2011	21,366	-	(179)	-	21,187
2009 - 2010	41,019	-	(764)	-	40,255
2008 - 2009	20,913	-	(485)	-	20,428
2007 - 2008	7,595	-	(34)	-	7,561
2006 - 2007	6,548	-	-	(6,548)	-
	<u>\$432,801</u>	<u>7,726,787</u>	<u>(7,709,890)</u>	<u>(33,368)</u>	<u>416,330</u>
2017 - 2018 **					7,615,200
Property taxes receivable per Governmental Funds Financial Statements					8,031,530
Allowance for uncollectibles					(70,000)
Property taxes receivable per Government Wide Financial Statements					<u>\$7,961,530</u>

Fiscal year 2014-2015 and prior have been turned over to the County Clerk and Master for collection.

** Unlevied taxes receivable (anticipated current year levy)

CITY OF LA VERGNE, TENNESSEE

**Schedule of Maturities of Bond Indebtedness
and Interest Requirements**

General Obligation

June 30, 2017

Year Ending <u>June 30,</u>	Series 2016 General Obligation Ref. Bonds	Series 2009 General Obligation Bonds	Series 2014 General Obligation Bonds	Series 2015 General Obligation Bonds	Obligation to State	Interest Requirements	Total
2018	\$375,000	530,000	240,000	235,000	1,000,736	368,485	2,749,221
2019	395,000	530,000	240,000	240,000	-	329,946	1,734,946
2020	410,000	530,000	245,000	245,000	-	290,250	1,720,250
2021	400,000	530,000	260,000	245,000	-	247,301	1,682,301
2022	415,000	535,000	265,000	250,000	-	205,895	1,670,895
2023	-	545,000	265,000	255,000	-	169,308	1,234,308
2024	-	550,000	280,000	260,000	-	136,872	1,226,872
2025	-	-	290,000	270,000	-	103,373	663,373
2026	-	-	-	275,000	-	90,047	365,047
2027	-	-	-	280,000	-	83,860	363,860
2028	-	-	-	285,000	-	76,860	361,860
2029	-	-	-	295,000	-	73,165	368,165
2030	-	-	-	305,000	-	61,200	366,200
2031	-	-	-	310,000	-	52,050	362,050
2032	-	-	-	320,000	-	42,750	362,750
2033	-	-	-	330,000	-	33,150	363,150
2034	-	-	-	340,000	-	22,425	362,425
2035	-	-	-	350,000	-	11,375	361,375
	<u>\$1,995,000</u>	<u>3,750,000</u>	<u>2,085,000</u>	<u>5,090,000</u>	<u>1,000,736</u>	<u>2,398,312</u>	<u>16,319,048</u>

CITY OF LA VERGNE, TENNESSEE

Schedule of Maturities of Indebtedness and Interest Requirements

Water and Sewer Fund

June 30, 2017

Year Ending June 30,	Principal			Interest Requirements	Total
	Bond Issue Series				
	2016	2015	2014		
2018	\$340,000	325,000	575,000	574,185	1,814,185
2019	355,000	300,000	590,000	526,760	1,771,760
2020	360,000	250,000	615,000	492,335	1,717,335
2021	380,000	200,000	640,000	457,785	1,677,785
2022	385,000	150,000	665,000	423,110	1,623,110
2023	-	550,000	690,000	394,385	1,634,385
2024	-	500,000	715,000	362,685	1,577,685
2025	-	450,000	745,000	331,235	1,526,235
2026	-	1,250,000	-	295,385	1,545,385
2027	-	1,250,000	-	257,885	1,507,885
2028	-	1,225,000	-	220,385	1,445,385
2029	-	1,200,000	-	183,635	1,383,635
2030	-	1,175,000	-	147,635	1,322,635
2031	-	1,150,000	-	111,210	1,261,210
2032	-	1,125,000	-	73,260	1,198,260
2033	-	1,095,000	-	36,135	1,131,135
	\$1,820,000	12,195,000	5,235,000	4,888,010	24,138,010

CITY OF LA VERGNE, TENNESSEE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Awards as Identified in the
Catalog of Federal Domestic Assistance

CFDA Number	Program Name	Grantor Agency	Pass Through Entity Identifying Number	Federal Expenditures	Total Program Expenditures
14.239	HOME Grant	Tennessee Housing Agency	HM-12-13	\$72,864	\$72,864
16.738	Justice Assistance Grant	U. S. Department of Justice	N/A	13,311	13,311
16.922	Equitable Sharing Grant	U. S. Department of Justice	N/A	2,760	2,760
20.205	* High Priority Program, Greenway Grant	Tennessee Department of Transportation	HPP-9317(9) 75LPLM-F3-034	1,291,829	1,291,829
20.607	Traffic Law Enforcement	Tennessee Dept. of Safety	154AL-16-37 & 154AL-17-127 /154AL	9,644	9,644
93.044	Senior Citizens Grant	Tennessee Commission on Aging	N/A	14,250	14,250
97.044	Assistance to Firefighters Grant	Federal Emergency Management	N/A	99,364	99,364
				<u>\$1,504,022</u>	<u>\$1,504,022</u>
* Major Program					

Notes:

This schedule was prepared using the modified accrual basis of accounting.

During 2017 there were no federal grant amounts provided to subrecipients and the City did not elect to use the de minimus cost rate.

CITY OF LA VERGNE, TENNESSEE

Schedule of Federal and State Financial Assistance

For the Year Ended June 30, 2017

Federal Awards as Identified in the
Catalog of Federal Domestic Assistance:

CFDA Number	Federal, State or Other Grant Number	Program Name	Grantor Agency	(Accrued) or Deferred Revenue at July 1, 2016	Program Income & Grant Receipts	Grant Funds Adjustment or Refunded	Expenditures	(Reserved), (Accrued) or Deferred Revenue at June 30, 2017
20.607	154AL-16-37 15AL-17-127	Alcohol Saturation Patrols Alcohol Saturation Patrols	* Federal Highway Administration	(\$5,124) -	9,653 4,983	- -	4,529 5,115	- (132)
16.607	N/A	Bullet Proof Vest Grant	U. S. Dept. of Justice	(3,487)	3,487	-	-	-
16.738	2016DJBX0797	Justice Assistance Grant	U. S. Dept. of Justice	-	-	-	13,311	(13,311)
20.205	HPP-9317(9) 75LPLM-F3-034	Greenway Grant	** Federal Highway Administration	(10,905)	596,958	-	1,291,829	(705,776)
16.922	N/A	Organized Crime Drug Enforcement	U. S. Dept. of Justice	68,667	77,869	-	2,760	143,776
93.044	N/A	Senior Citizen Grant	*** U. S. Dept. of Health and Human Services	(3,561)	14,250	-	14,250	(3,561)
14.239	HM-12-13	HOME Grant	**** Tennessee Housing Agency	(63,661)	136,525	-	72,864	-
97.044	EMW-2015-FO-01551	Assistance to Firefighters Grant	Federal Emergency Management	-	100,000	-	99,364	636
Total Federal Assistance				<u>(\$18,071)</u>	<u>943,725</u>	<u>-</u>	<u>1,504,022</u>	<u>(578,368)</u>

- * Passed through TN Department of Safety
- ** Passed through TN Department Transportation
- *** Passed through TN Commission on Aging & Disability
- **** Passed through TN Housing Development Agency

State Financial Assistance:

N/A	N/A	Senior Citizen Grant	TN Commission on Aging & Disability	(\$3,136)	12,550	-	12,550	(3,136)
Total State Assistance				<u>(\$3,136)</u>	<u>12,550</u>	<u>-</u>	<u>12,550</u>	<u>(3,136)</u>

There were no federal or state assistance passed through to subrecipients during 2017.
This schedule was prepared using the modified accrual basis of accounting.

CITY OF LA VERGNE, TENNESSEE

Schedule of Utility Data

For the Year Ended June 30, 2017

<u>Services</u>				<u>Number of Customers</u>
Water				11,985
Sewer				11,220
<u>Rates</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	
Water (inside City):				
First 2,000 gallons	\$ 15.75	20.38	370.50	
Thereafter	4.01/1,000 gallons	4.70	6.30	
Water (outside City):				
First 2,000 gallons	\$ 20.42			
Next 4,000 gallons	5.04/1,000 gallons			
Thereafter	7.16/1,000 gallons			
Sewer (inside City):				
First 2,000 gallons	\$ 24.85	32.16	584.75	
Thereafter	6.50/1,000 gallons	7.40	8.20	

CITY OF LA VERGNE, TENNESSEE

STATISTICAL SECTION

This part of the City of La Vergne's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Schedule #

Contents

Financial Trends

These Schedules contain trend information to help readers understand how the City's financial performance and well - being have changed over time.

1-4

Revenue Capacity

These Schedules contain information to help readers assess the City's most significant local revenue source-its property tax.

5-8

Debt Capacity

These Schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

9-13

Demographic and Economic Information

These Schedules offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place.

14-15

Operating Information

These Schedules contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

16-18

Except where noted, the information in these Schedules is derived from the City of La Vergne's comprehensive annual financial reports for the relevant year.

CITY OF LA VERGNE, TENNESSEE

**Financial Trends Information -
Net Position By Component - Last Ten Years**

Schedule 1

(Prepared using the accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Governmental Activities:</u>										
Net investment in capital assets	\$35,341,281	37,660,963	37,016,894	37,129,882	38,778,767	40,596,135	50,472,476	48,465,920	49,509,960	51,946,568
Restricted for:										
Highway and streets	2,321,829	1,674,044	1,886,063	1,751,994	1,850,952	1,876,199	1,616,397	2,990,466	2,675,709	2,694,575
Parks and recreation	-	-	-	16,563	2,729	138,024	392,165	409,633	447,354	294,505
Senior citizens	-	-	-	60,701	32,830	16,718	-	9,504	34,268	39,245
Capital projects	2,544,472	940,411	447,830	-	-	-	-	-	331	-
Stormwater projects	-	1,236,004	1,443,235	1,966,943	2,389,445	2,837,840	3,258,585	3,660,628	4,037,002	4,211,741
Law enforcement	329,059	226,926	274,519	204,607	215,531	233,780	232,268	309,445	312,114	397,519
Unrestricted	5,680,352	4,155,525	3,976,050	3,812,969	7,445,308	8,772,714	6,804,021	10,158,970	13,378,320	17,700,525
Total Net Position	\$46,216,993	45,893,873	45,044,591	44,943,659	50,715,562	54,471,410	62,775,912	66,004,566	70,395,058	77,284,678
<u>Business-Type Activities</u>										
Net investment in capital assets	30,060,931	29,636,330	30,418,437	30,666,043	33,652,575	34,847,827	35,441,278	35,215,483	35,544,191	35,640,362
Unrestricted	12,161,538	9,785,897	8,332,812	6,668,803	6,287,446	6,304,612	8,132,418	10,939,420	13,637,953	17,298,623
Total Net Position	\$42,222,469	39,422,227	38,751,249	37,334,846	39,940,021	41,152,439	43,573,696	46,154,903	49,182,144	52,938,985
<u>Primary Government</u>										
Net investment in capital assets	\$65,402,212	67,297,293	67,435,331	67,795,925	72,431,342	75,443,962	85,913,754	83,681,403	85,054,151	87,586,930
Restricted for:										
Highway and streets	2,321,829	1,674,044	1,886,063	1,751,994	1,850,952	1,876,199	1,616,397	2,990,466	2,675,709	2,694,575
Parks and recreation	-	-	-	16,563	2,729	138,024	392,165	409,633	447,354	294,505
Senior citizens	-	-	-	60,701	32,830	16,718	-	9,504	34,268	39,245
Capital projects	2,544,472	940,411	447,830	-	-	-	-	-	331	-
Stormwater projects	-	1,236,004	1,443,235	1,966,943	2,389,445	2,837,840	3,258,585	3,660,628	4,037,002	4,211,741
Law enforcement	329,059	226,926	274,519	204,607	215,531	233,780	232,268	30,945	312,114	397,519
Unrestricted	17,841,890	13,941,422	12,308,862	10,655,631	13,732,754	15,077,326	14,936,439	21,098,390	27,016,273	34,999,148
Total Primary Government	\$88,439,462	85,316,100	83,795,840	82,278,505	90,655,583	95,623,849	106,349,608	112,159,469	119,577,202	130,223,663

In 2013 all classifications of net assets were changed to net position in accordance with GASB 63.

CITY OF LA VERGNE, TENNESSEE

**Financial Trends Information -
Changes in Net Position - Last Ten Fiscal Years**

Schedule 2
(Prepared using the accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
General government	2,753,589	2,499,970	2,616,729	2,587,572	2,522,444	2,706,539	2,646,612	3,000,115	2,786,720	3,341,787
Public safety:										
Police	4,421,349	4,729,180	4,585,254	4,913,562	5,106,995	5,899,972	6,173,670	6,437,504	6,973,721	6,695,161
Fire	1,549,004	1,561,860	1,600,934	1,609,911	2,214,332	2,527,325	4,019,676	2,959,476	3,745,011	3,902,073
Highways and streets	2,248,815	2,270,169	2,282,555	2,579,766	2,463,823	2,674,995	3,441,428	3,057,884	2,973,130	2,969,611
Stormwater	382,993	449,870	687,901	544,216	684,679	695,284	700,435	912,788	820,085	855,709
Health and welfare	348,896	360,834	374,148	378,504	454,012	484,767	523,145	402,611	546,771	527,872
Recreation	932,292	969,104	1,068,959	1,068,523	964,479	955,798	1,075,555	1,136,043	1,281,630	1,239,543
Library	669,567	646,719	653,302	632,779	661,072	647,282	700,317	774,335	731,037	832,908
Interest expense on long-term debt	482,184	461,015	598,640	581,614	550,556	543,896	505,082	510,982	521,493	443,926
Total governmental activities expenses	13,788,689	13,948,721	14,468,422	14,896,448	15,622,392	17,135,858	19,785,920	19,191,738	20,379,598	20,808,590
Business-Type Activities										
Water and Sewer	7,298,729	8,209,857	7,960,079	8,841,838	8,567,646	8,835,822	8,446,600	8,672,645	9,303,224	9,798,636
Total business-type activities expenses	7,298,729	8,209,857	7,960,079	8,841,838	8,567,646	8,835,822	8,446,600	8,672,645	9,303,224	9,798,636
Total primary government expenses	\$21,087,418	22,158,578	22,428,501	23,738,286	24,190,038	25,971,680	28,232,520	27,864,383	29,682,822	30,607,226
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	\$349,310	186,074	175,036	167,648	162,082	166,864	241,526	250,168	492,353	580,762
Public safety:										
Police	487,582	780,874	771,294	621,081	484,927	509,830	428,140	378,789	512,476	502,454
Fire	-	-	-	-	-	-	-	-	-	-
Highways and streets	278,381	149,269	80,646	73,588	126,561	-	-	-	-	-
Stormwater	1,098,077	1,110,125	1,118,948	1,134,439	1,136,736	1,096,036	1,077,521	1,056,773	1,052,846	1,068,562
Health and welfare	809	1,410	756	751	599	1,603	7,758	6,687	7,693	5,362
Recreation	135,297	93,709	67,382	67,693	50,933	54,007	182,080	171,943	195,487	67,165
Library	33,734	27,369	34,493	39,300	39,700	36,400	35,279	37,860	31,119	22,290
Operating grants and contributions	837,537	831,540	1,024,369	1,150,293	1,146,951	1,098,760	1,081,678	1,141,910	1,291,415	1,282,511
Capital grants and contributions	451,409	43,374	69,129	673,317	2,265,200	1,888,286	8,300,719	590,690	1,851,892	3,213,525
Total governmental activities program revenues	3,672,136	3,223,744	3,342,053	3,928,110	5,413,689	4,851,786	11,354,701	3,634,820	5,435,281	6,742,631
Business-Type Activities:										
Charges for services:										
Water and Sewer	6,226,874	6,182,975	6,163,891	6,795,985	9,535,531	9,689,364	10,542,155	10,886,498	11,176,036	11,884,903
Capital grants and contributions:										
Water and Sewer	628,744	293,485	322,941	600,237	1,631,193	499,140	302,091	363,640	1,153,774	1,665,039
Total business-type activities program revenues	6,855,618	6,476,460	6,486,832	7,396,222	11,166,724	10,188,504	10,844,246	11,250,138	12,329,810	13,549,942
Total primary government program revenues	10,527,754	9,700,204	9,828,885	11,324,332	16,580,413	15,040,290	22,198,947	14,884,958	17,765,091	20,292,573
Net (Expense)/Renewue										
Governmental Activities	(10,116,553)	(10,724,977)	(11,126,369)	(10,968,338)	(10,208,703)	(12,284,072)	(8,431,219)	(15,556,918)	(14,944,317)	(14,065,959)
Business-Type Activities	(443,111)	(1,733,397)	(1,473,247)	(1,445,616)	2,599,078	1,352,682	2,397,646	2,577,493	3,026,586	3,751,306
Total primary government net expense	(\$10,559,664)	(12,458,374)	(12,599,616)	(12,413,954)	(7,609,625)	(10,931,390)	(6,033,573)	(12,979,425)	(11,917,731)	(10,314,653)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property and in lieu of taxes	3,313,043	3,629,942	3,727,433	4,016,057	8,286,016	7,987,594	8,121,160	8,466,115	8,214,052	8,102,727
Sales taxes	3,097,895	3,198,680	3,025,159	3,289,732	3,857,098	4,184,977	4,552,693	5,640,249	6,322,852	7,707,482
Other locally assessed taxes	1,482,980	1,316,979	1,396,874	1,339,545	1,457,315	1,600,346	1,587,613	1,953,723	1,992,344	2,188,176
Other state shared taxes	2,205,167	2,147,980	2,064,781	2,169,309	2,265,839	2,355,311	2,405,647	2,656,807	2,708,918	2,786,067
Unrestricted investment earnings	369,903	70,240	31,823	17,261	9,849	10,035	6,968	8,020	10,845	20,971
Other	35,436	38,036	31,018	35,501	104,489	51,552	61,640	60,658	85,798	150,156
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	10,504,424	10,401,857	10,277,088	10,867,405	15,980,606	16,189,815	16,735,721	18,785,572	19,334,809	20,955,579
Business-Type Activities										
Investments earnings	584,431	178,069	84,429	29,213	6,097	4,253	3,296	3,714	4,205	5,535
Other & special item	-	(650,000)	-	-	-	-	20,315	-	(3,550)	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	584,431	(471,931)	84,429	29,213	6,097	4,253	23,611	3,714	655	5,535
Total primary government	11,088,855	9,929,926	10,361,517	10,896,618	15,986,703	16,194,068	16,759,332	18,789,286	19,335,464	20,961,114
Change in Net Position										
Governmental activities	387,871	(323,120)	(849,281)	(100,933)	5,771,903	3,905,743	8,304,502	3,228,654	4,390,492	6,889,620
Business-type activities	141,320	(2,205,328)	(1,388,818)	(1,416,403)	2,605,175	1,356,935	2,421,257	2,581,207	3,027,241	3,756,841
Total primary government	\$529,191	(2,528,448)	(2,238,099)	(1,517,336)	8,377,078	5,262,678	10,725,759	5,809,861	7,417,733	10,646,461

In 2013 all classifications of net assets were changed to net position in accordance with GASB 63.

CITY OF LA VERGNE, TENNESSEE

**Financial Trends Information -
Fund Balances, Governmental Funds. Last Ten Years**

Schedule 3

(Prepared using the modified accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Reserved	\$-	-	-	-	-	-	-	68,718	25,646	16,391
Unreserved and undesignated	-	-	-	-	-	-	-	3,793,292	3,902,991	3,699,307
Nonspendable	3,202	4,393	5,127	7,516	5,695	7,054	10,919	-	-	-
Restricted	21,155	20,836	20,205	19,055	16,230	14,409	12,349	-	-	-
Assigned	-	-	-	1,999,965	-	171,441	202,608	-	-	-
Unassigned	17,509,874	12,913,421	9,837,846	4,905,038	8,711,420	7,166,622	3,708,215	-	-	-
Total General Fund	<u>\$17,534,231</u>	<u>12,938,650</u>	<u>9,863,178</u>	<u>6,931,574</u>	<u>8,733,345</u>	<u>7,359,526</u>	<u>3,934,091</u>	<u>3,862,010</u>	<u>3,928,637</u>	<u>3,715,698</u>
All Other Governmental Funds										
Reserved										
Unreserved reported in:										
Capital Projects Fund	\$-	-	-	-	-	-	-	3,748,739	4,241,320	2,544,472
Special Revenue Funds	-	-	-	-	-	-	-	3,843,524	3,426,796	4,546,311
Restricted reported in:										
Capital Projects Fund	2,170,050	2,187,816	2,377,097	876,813	1,487,174	3,826,547	3,789,146	-	-	-
Special Revenue Funds	5,446,380	5,298,126	4,982,374	4,603,297	4,536,671	3,957,381	3,502,076	-	-	-
Total all other governmental funds	<u>\$7,616,430</u>	<u>7,485,942</u>	<u>7,359,471</u>	<u>5,480,110</u>	<u>6,023,845</u>	<u>7,783,928</u>	<u>7,291,222</u>	<u>7,592,263</u>	<u>7,668,116</u>	<u>7,090,783</u>
Total	<u>\$25,150,661</u>	<u>20,424,592</u>	<u>17,222,649</u>	<u>12,411,684</u>	<u>14,757,190</u>	<u>15,143,454</u>	<u>11,225,313</u>	<u>11,454,273</u>	<u>11,596,753</u>	<u>10,806,481</u>

* In 2011 the classifications of fund balance have been changed to reflect the implementation of GASB 54.

CITY OF LA VERGNE, TENNESSEE

**Financial Trend Information -
Changes in Fund Balances, Governmental Funds, Last Ten Years**

Schedule 4

(Prepared using the modified accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Taxes and in lieu tax	\$17,596,060	16,102,086	15,566,571	14,012,691	13,268,365	12,925,491	8,620,838	8,129,369	8,159,835	7,894,730
Licenses and permits	2,660,065	2,533,208	1,662,971	1,386,785	1,280,009	1,384,602	1,357,982	1,360,800	1,424,508	1,721,943
Fines and fees	417,624	439,492	334,865	412,502	504,259	468,117	614,154	761,103	765,928	457,545
Intergovernmental	5,876,438	4,652,343	4,229,399	4,107,903	4,586,496	3,929,586	3,159,051	2,983,651	3,001,286	3,468,931
Uses of property and money	165,586	300,342	277,828	328,833	154,884	133,752	159,935	183,012	224,262	547,374
Other	198,332	151,517	63,633	419,173	549,922	180,055	258,796	218,475	66,751	83,564
Total revenues	<u>26,914,105</u>	<u>24,178,988</u>	<u>22,135,267</u>	<u>20,667,887</u>	<u>20,343,935</u>	<u>19,021,603</u>	<u>14,170,756</u>	<u>13,636,410</u>	<u>13,642,570</u>	<u>14,174,087</u>
Expenditures:										
General government	2,963,675	2,685,658	2,908,150	2,560,804	2,671,696	2,425,465	2,442,321	2,584,131	2,312,100	2,522,169
Public safety	9,507,332	9,477,720	8,882,744	9,608,403	7,758,782	6,873,373	6,196,243	5,795,095	5,723,114	5,620,406
Highways and streets	1,359,377	1,419,474	1,398,086	1,918,853	1,495,547	1,291,325	1,406,608	1,185,131	1,251,812	1,176,736
Stormwater	719,396	673,320	643,403	622,109	616,184	590,705	539,748	511,580	433,033	362,373
Health and welfare	526,169	545,099	400,939	521,473	483,095	452,340	377,195	366,867	353,543	341,216
Recreation	879,600	1,113,319	1,074,882	948,246	800,364	792,158	862,550	855,776	757,311	748,785
Library	606,504	631,971	629,442	595,239	571,117	577,509	541,125	548,267	576,546	569,305
Capital outlay	3,239,226	1,642,772	5,295,350	7,677,034	4,939,137	1,532,147	750,379	1,580,840	4,276,380	3,411,305
Debt service- Principal	3,988,172	2,264,629	1,782,994	1,453,882	1,440,065	1,013,280	937,676	800,000	840,000	850,000
Debt service- Interest & other	509,630	532,176	603,752	488,377	516,002	541,295	568,943	545,946	436,870	470,680
Total expenditures	<u>24,299,081</u>	<u>20,986,138</u>	<u>23,619,742</u>	<u>26,394,420</u>	<u>21,291,989</u>	<u>16,089,597</u>	<u>14,622,788</u>	<u>14,773,633</u>	<u>16,960,709</u>	<u>16,072,975</u>
Excess of revenues over (under) expenditures	<u>2,615,024</u>	<u>3,192,850</u>	<u>(1,484,475)</u>	<u>(5,726,533)</u>	<u>(948,054)</u>	<u>2,932,006</u>	<u>(452,032)</u>	<u>(1,137,223)</u>	<u>(3,318,139)</u>	<u>(1,898,888)</u>
Other Financing Sources & Uses:										
Bond, notes and leases	2,112,236	9,827	8,050,000	3,237,168	563,149	990,000	227,633	997,000	4,125,000	-
Premiums/ discounts on issued bonds	-	-	135,145	-	-	-	-	-	(23,669)	-
Other	-	-	(1,887,316)	142,038	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Payments to refunding escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>2,112,236</u>	<u>9,827</u>	<u>6,297,829</u>	<u>3,379,206</u>	<u>563,149</u>	<u>990,000</u>	<u>227,633</u>	<u>997,000</u>	<u>4,101,331</u>	<u>-</u>
Net Change in Fund Balance	<u>\$4,727,260</u>	<u>3,202,677</u>	<u>4,813,354</u>	<u>(2,347,327)</u>	<u>(384,905)</u>	<u>3,922,006</u>	<u>(224,399)</u>	<u>(140,223)</u>	<u>783,192</u>	<u>(1,898,888)</u>
Debt Service as % of noncapital Expenditures	<u>21.4%</u>	<u>14.5%</u>	<u>13.0%</u>	<u>10.4%</u>	<u>12.0%</u>	<u>10.7%</u>	<u>10.9%</u>	<u>10.2%</u>	<u>10.1%</u>	<u>10.4%</u>

* As restated

Note: In 2015 Other Financing Uses includes \$1,914,570 payment to escrow agent to refund debt. Also 2017 includes a current bond refunding.

CITY OF LA VERGNE, TENNESSEE

**Revenue Capacity Information
Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Years**

Schedule 5

Fiscal Year	Appraised Value				Assessed Value	Total Direct Tax Rate*
	Public Utility Commercial & Industrial	Personal Property	Residential, Farm & Exempt	Total		
2008	\$ 591,481,800	345,079,268	1,334,104,200	2,270,665,268	664,315,800	\$0.50
2009	634,996,300	342,698,060	1,422,030,600	2,399,724,960	726,774,000	0.50
2010	636,650,900	364,681,282	1,430,881,200	2,432,213,382	746,773,600	0.50
2011	814,324,300	356,956,696	1,460,525,700	2,631,806,696	806,823,800	0.50
2012	810,850,400	315,278,564	1,413,588,900	2,539,717,864	785,532,500	1
2013	801,211,700	334,700,731	1,479,090,400	2,615,002,831	776,971,510	1
2014	802,798,600	324,549,497	1,478,724,900	2,606,072,997	788,414,753	1
2015	797,526,787	379,463,510	1,495,166,500	2,672,156,797	800,109,300	1
2016	780,237,525	400,188,101	1,429,164,992	2,609,590,618	801,532,194	0.975
2017	788,035,016	373,754,956	1,531,045,422	2,692,835,394	790,022,736	0.95

Property is assessed as follows:

Industrial and Commercial:

Real 40%

Personal 30%

Public Utility 55%

Farm and Residential 25%

* Per \$100 of assessed valuation

Note - Property of the City is reappraised frequently. For this reason appraised value is considered equal to actual value. The appraised values do not include exempt property.

CITY LA VERGNE, TENNESSEE

**Revenue Capacity Information
Direct and Overlapping Property Tax Rates, Last Ten Years**

Schedule 6

Fiscal Year	Direct Rate City	Overlapping Rates	Total
		County**	
2008	\$0.50	\$2.44	\$2.94
2009	0.50	2.56	3.06
2010	0.50	2.74	3.24
2011	0.50	2.47	2.97
2012	1	2.47	3.47
2013	1	2.57	3.57
2014	1	2.565	3.57
2015	1	2.4867	3.49
2016	0.975	2.68	3.66
2017	0.95	2.68	3.63

There City tax rate is a general rate with no seperate components.

Source - County Tax Assessor

** Levied on County property within the City

Per \$100 of Assessed Valuation

There are no components of the City direct rate.

CITY OF LA VERGNE, TENNESSEE

**Revenue Capacity Information
Principal Property Taxpayers, Current Year and Nine Years Ago**

Schedule 7

<u>Taxpayer</u>	2017			2008		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>
Bridgestone Tire Manufacturing	\$28,314,747	1	3.58%	\$29,276,380	1	4.41%
Bridgestone USA	14,535,960	2	1.84%	13,322,960	2	2.01%
Big Box Property Owner	9,941,000	3	1.26%	-	-	-
Warehouse Holdings Inc	7,588,840	4	0.96%	6,451,120	8	0.97%
Mid South Building I	6,925,680	5	0.88%	6,593,040	4	0.99%
DCT Mid South LLC	6,711,760	6	0.85%	6,497,040	6	0.98%
NS Road Acquisitions	6,674,480	7	0.84%	-	-	-
Borders General	6,610,840	8	0.84%	-	-	-
Ajax Turner	6,341,240	9	0.80%	-	-	-
Mid South Building IV REIT	6,068,920	10	0.77%	5,746,600	10	0.87%
Industrial MS Logistics	-	-	-	9,665,120	3	1.45%
Baptist Hospitals	-	-	-	6,531,560	5	0.98%
Cinram	-	-	-	6,491,600	7	0.98%
Walden Books	-	-	-	6,012,760	9	0.91%
Totals	<u><u>\$99,713,467</u></u>		<u><u>12.62%</u></u>	<u><u>\$96,588,180</u></u>		<u><u>14.54%</u></u>
Total Assessed Value	<u><u>\$790,022,736</u></u>			<u><u>\$664,315,800</u></u>		

Source: Lavergne tax records

CITY OF LA VERGNE, TENNESSEE

Property Tax Levies and Collections, Last Ten Fiscal Years

Schedule 8

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Collected	Delinquent Tax Collections	Total Collections	Total Collected as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Levy
2008	\$3,321,579	3,219,605	96.930%	94,413	3,314,018	99.772%	\$7,561	0.228%
2009	3,633,870	3,515,028	96.730%	98,414	3,613,442	99.438%	20,428	0.562%
2010	3,733,868	3,566,352	95.514%	127,261	3,693,613	98.922%	40,255	1.078%
2011	4,034,119	3,928,572	97.384%	84,360	4,012,932	99.475%	21,187	0.525%
2012	7,855,325	7,477,680	95.192%	350,506	7,828,186	99.655%	27,139	0.345%
2013	7,721,206	7,463,545	96.663%	233,981	7,697,526	99.693%	23,680	0.307%
2014	7,884,426	7,739,694	98.164%	109,995	7,849,689	99.559%	34,737	0.441%
2015	8,001,093	7,852,527	98.143%	106,145	7,958,672	99.470%	42,421	0.530%
2016	7,796,485	7,648,872	98.107%	69,896	7,718,768	99.003%	77,717	0.997%
2017	7,723,035	7,601,830	98.431%	-	7,601,830	98.431%	121,205	1.569%
							<u>\$416,330</u>	

Taxes are assessed as of January 1 and due on October 1 each year.

Taxes become delinquent on February 28 of the following year.

Source - City tax rolls

CITY OF LA VERGNE, TENNESSEE

**Debt Capacity Information
Ratios of Outstanding Debt and Other Obligations by Type, Last Fiscal Ten Years**

Schedule 9

Fiscal Year	Population *	Governmental Activities				Business-type Activities	Total Primary Government	Percent of Personal Income**	Debt Per Capita
		General Obligation Bonds	Capital Outlay Notes & Other Obligations	Capital Leases	Total	Water and Sewer Bonds			
2008	26,427	\$11,575,719	-	-	11,575,719	17,142,719	28,718,438	3.67%	1,087
2009	26,427	14,834,150	-	-	14,834,150	15,633,913	30,468,063	4.88%	1,153
2010	26,427	14,032,762	-	1,003,896	15,036,658	14,710,648	29,747,306	4.62%	1,126
2011	32,588	13,176,374	-	1,138,618	14,314,992	13,737,382	28,052,374	3.71%	861
2012	32,588	12,274,986	990,000	1,021,119	14,286,105	12,729,116	27,015,221	3.58%	829
2013	34,703	11,343,598	748,542	1,323,220	13,415,360	24,447,944	37,863,304	5.03%	1,091
2014	35,482	10,387,210	2,094,009	2,716,039	15,197,258	23,319,529	38,516,787	4.92%	1,086
2015	36,242	15,630,946	1,844,517	2,247,537	19,723,000	22,285,312	42,008,312	5.33%	1,159
2016	37,144	14,435,199	1,250,736	1,771,518	17,457,453	20,981,940	38,439,393	4.90%	1,035
2017	38,077	13,124,102	1,000,736	1,428,346	15,553,184	19,730,048	35,283,232	4.31%	927

Notes:

Details of the City's debt can be found in the Note 5 in the current financial statements.

* Based on Rutherford County Chamber of Commerce estimates except in years when census taken.

** See schedule 14 for personal income information. Most recent information available from state and business organizations are used.

Above amounts include bond premiums

Capital leases are included since they will be repaid from general government resources.

CITY OF LA VERGNE, TENNESSEE

**Debt Capacity Information
Ratios of General Obligation Debt Outstanding, Last Ten Years**

Schedule 10

<u>Fiscal Year</u>	<u>Population</u>	<u>Estimated Actual Value</u>	<u>General Obligation Debts</u>	<u>Ratio of General Obligation Debt to Actual Value of Property</u>	<u>Net General Obligation Debt Per Capita</u>
2008	26,427	\$2,270,665,268	12,428,685	0.55%	470
2009	26,427	2,399,724,960	11,575,719	0.48%	438
2010	26,427	2,432,213,382	14,834,150	0.61%	561
2011	32,588	2,631,806,696	15,036,658	0.57%	461
2012	32,588	2,539,717,864	14,314,992	0.56%	439
2013	34,703	2,615,002,831	14,286,105	0.55%	412
2014	35,482	2,606,072,997	13,415,360	0.51%	378
2015	36,242	2,672,156,797	15,197,258	0.57%	419
2016	37,144	2,609,590,618	19,723,000	0.76%	531
2017	38,077	2,692,835,394	15,553,184	0.58%	408

Note: Details regarding the City's debt can be found in Note 5 to the current financial statements.
See Schedule 5 for City's property value data.
The above debt includes capital leases.

CITY OF LA VERGNE, TENNESSEE

**Debt Capacity Information
Direct and Overlapping Governmental Activities Debt**

Schedule 11

<u>Jurisdiction</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City*</u>	<u>Amount Applicable to City*</u>
City of Lavergne	\$15,553,184	100.00%	\$15,553,184
Rutherford County	362,656,359	11.51% *	41,753,382
Total	<u>\$378,209,543</u>		<u>\$57,306,566</u>

* Based upon Assessed Value of Property in:

County	\$ 6,861,881,755
City	\$ 790,022,736

From County Finance Department

CITY OF LA VERGNE, TENNESSEE

Debt Capacity Information
Debt Margin Information, Last Ten Years

Schedule 12

Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assessed Value	\$790,022,736	801,532,194	800,109,300	788,414,753	776,971,510	785,532,500	806,823,800	746,773,600	726,774,000	664,315,800
General Obligation Debt	15,553,184	17,457,453	19,723,000	15,197,258	13,415,360	14,286,105	14,314,992	15,036,658	14,834,150	11,575,719
Debt as % of Assessed Value	1.97%	2.18%	2.47%	1.93%	1.73%	1.82%	1.77%	2.01%	2.04%	1.74%

Note - The City has no legal debt limit.

CITY OF LA VERGNE, TENNESSEE

**Debt Capacity Information
Pledged - Revenue Coverage, Last Ten Years**

**Schedule 13
Water and Sewer Enterprise Fund**

Fiscal Year	Gross Revenues*	Direct** Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2008	\$6,805,945	4,659,337	2,146,608	1,565,000	703,290	2,268,290	0.95
2009	6,360,126	5,926,997	433,129	1,505,000	696,287	2,201,287	0.20
2010	6,248,100	5,599,175	648,925	920,000	649,557	1,569,557	0.41
2011	6,825,070	6,460,818	364,252	970,000	613,360	1,583,360	0.23
2012	9,451,588	5,507,618	3,943,970	1,005,000	575,317	1,580,317	2.50
2013	9,693,575	6,309,180	3,384,395	1,060,000 ***	601,724	1,661,724	2.04
2014	10,565,734	6,260,321	4,305,413	1,120,000	661,951	1,781,951	2.42
2015	10,890,174	6,272,450	4,617,724	1,240,000 ***	673,870	1,913,870	2.41
2016	11,176,644	6,813,287	4,363,357	1,255,000	627,951	1,882,951	2.32
2017	11,890,387	6,994,774	4,895,613	1,225,000 ***	556,522	1,781,522	2.75

* Includes nonoperating revenues

** Net of depreciation and amortization

*** Excludes refunding

CITY OF LA VERGNE, TENNESSEE

**Demographic and Economic Information
Demographic and Economic Statistics, Last Ten Years**

Schedule 14

Year	<u>Population *</u>	<u>Personal Income ****</u>	<u>Per Capita Income***</u>	<u>Median Age***</u>	<u>School Enrollment**</u>	<u>Unemployment Rate***</u>
2008	26,247	\$781,740,648	\$29,784	32.1	5,748	6.4%
2009	26,427	623,809,335	23,605	31.7	5,840	11.1%
2010	26,427	644,395,968	24,384	32.9	6,020	8.6%
2011	32,588	755,129,136	23,172	31.2	5,973	8.2%
2012	32,588	755,129,136	23,172	31.2	6,108	7.0%
2013	34,703	752,673,367	21,689	31.2	6,160	7.2%
2014	35,482	782,378,100	22,050	32.2	6,759	5.6%
2015	36,242	787,719,870	21,735	32.2	6,066	5.2%
2016	37,144	784,667,000	21,125	33.2	6,070	4.2%
2017	38,077	817,970,114	21,482	33.4	6,182	3.4%

* Based on City's Planning Department estimates except years in years when census taken.

** Rutherford County Board of Education

*** Rutherford County Chamber of Commerce and City, County and State Planning Offices.

**** Per capita income times population

CITY OF LA VERGNE, TENNESSEE

**Demographic and Economic Information
Principal Employers, Current Year and Nine Years Ago**

Schedule 15

	2017			2008		
Employer	Employees	Rank	Percentage	Employees	Rank	Percentage
Ingram Distribution Group	1,500	1	29.01%	1,658	2	22.01%
Bridgestone/Firestone	1,010	2	19.54%	1,800	1	23.90%
Venture Express	500	3	9.67%	500	7	6.64%
Saks	454	4	8.78%	-	-	-
Schneider Electric	426	5	8.24%	-	-	-
Cardinal Health	300	6	5.80%	-	-	-
Parthenon Metal Works	250	7	4.84%	319	8	4.24%
Ajax Turner	250	8	4.84%	-	-	-
Quality Industries	240	9	4.64%	515	6	6.84%
SVP Worldwide	240	10	4.64%	-	-	-
Cinram	-	-	-	1,000	3	13.28%
Whirlpool	-	-	-	550	5	7.30%
Border	-	-	-	701	4	9.31%
Hennessy	-	-	-	289	9	3.84%
Hollywood Video	-	-	-	200	10	2.66%
	<u>5,170</u>		<u>100.00%</u>	<u>7,532</u>		<u>100.00%</u>

Note: Total employment for the city was not available.

Source: Rutherford Chamber of Commerce

CITY OF LA VERGNE, TENNESSEE

Operating Information
Full-time Equivalent Town Government Employees by Function, Last Ten Fiscal Years

Schedule 16

Function	Full-time Equivalent Employees as of June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government:										
Management services	19	18	15	15	15	17	16	14	14	15
Finance	6	6	6	6	6	6	6	6	6	6
Planning and engineering	5	5	5	5	5	5	5	5	5	5
Codes	7	7	6	6	6	5	5	5	5	9
Other	0	0	0	0	0	1	1	1	1	1
Public Safety:										
Police										
Officers	64	55	53	55	55	51	47	47	47	47
Civilians	13	19	18	17	16	18	18	18	18	18
Fire *	39	39	39	39	0	0	0	0	1	1
Highways and streets/stormwater	17	17	17	17	17	16	15	15	15	14
Recreation	15	16	16	16	16	14	14	14	14	16
Library	6	6	6	6	6	7	8	8	8	8
Water and Sewer	27	27	27	29	29	29	29	29	28	28
Total	218	215	208	211	171	169	164	162	162	168

Source: City budget document.

* Fire service was contracted out prior to 2014.

CITY OF LA VERGNE, TENNESSEE

**Operating Information
Operating Indicators by Function/Program, Last Ten Fiscal Years**

Schedule 17

		Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:											
Codes											
Building permits issued		321	200	62	48	75	72	81	115	126	249
Public Safety:											
Police											
Calls	*	44,075	33,787	27,389	30,500	34,069	30,116	34,482	37,709	43,010	52,661
Physical arrests	*	1,424	1,300	872	2,105	2,000	1,609	1,786	1,646	1,598	1,910
Citations issued	*	7,649	5,297	3,598	8,476	11,402	10,134	11,697	16,458	13,250	19,654
Fire (Subcontracted until 2014)											
Emergency responses		3,187	3,254	2,822	3,186	1,027	894	775	827	794	816
Recreation (participants)											
Leagues		4,860	3,937	4,695	5,000	6,340	1,961	2,220	3,100	3,060	1,559
Facility rentals		18,890	20,876	25,345	17,530	15,884	17,132	17,293	18,615	17,648	18,207
Programs		1,650	2,150	3,838	5,421	7,790	10,773	7,672	4,873	5,032	5,370
Special events		8,080	5,736	7,925	3,645	3,256	3,275	6,770	3,263	2,754	2,438
Summer camp		0	100	115	345	885	896	1,185	122	132	207
Community clean-up		0	0	0	0	0	60	55	43	78	78
Senior citizens Participants)		7,485	7,444	6,490	5,826	7,419	5,878	5,739	6,034	5,291	5,494
Library											
Attendance	**	68,337	100,118	104,236	104,359	110,818	115,829	130,714	137,070	129,430	118,120
Items checked out	**	62,441	82,593	105,822	109,570	116,352	127,155	154,635	156,179	153,556	141,826
New cards issued	**	1,279	1,685	1,488	2,128	2,347	2,422	2,845	3,221	3,451	3,304
Water and Sewer											
Customers		11,985	11,784	11,992	11,608	11,593	11,270	11,255	11,217	11,110	11,059
Average daily consumption		2,267,867	2,154,405	1,944,372	1,914,362	2,144,876	2,091,002	2,593,055	2,474,724	2,398,248	2,451,267

Sources: City departments

N/A Information not available.

* New computer system in 2015 and all information was not captured

** Library activity decreased in 2017 due to flood

CITY OF LA VERGNE, TENNESSEE

**Operating Information
Capital Assets Statistics by Function/Program, Last Ten Fiscal Years**

Schedule 18

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Autos and trucks	18	14	14	14	14	14	14	14	14	17
Public Safety:										
Police										
Stations	2	2	2	2	2	2	2	2	2	1
Vehicles, motorcycles, and boats	72	72	74	74	92	87	61	65	74	79
Fire (Subcontracted)										
Stations	3	3	3	3	3	3	3	3	3	3
Fire trucks	8	8	10	4	4	7	7	7	7	7
Autos and trucks	4	4	5	5	5	2	2	2	2	2
Hydrants	1378	1355	1336	1325	1325	1300	1300	1300	1300	1300
Highways and streets										
Autos and trucks	9	9	11	10	11	13	11	11	12	17
Streets (miles)	178	178	178	178	178	178	178	480	178	175
Streets lights	496	496	495	495	490	487	485	480	476	470
Traffic signals	146	146	138	138	138	138	137	136	136	136
Recreation										
Autos and trucks	11	11	10	10	10	12	12	13	13	10
Parks	6	6	6	6	6	6	6	6	6	6
Picnic shelters	4	4	4	4	4	4	4	4	4	4
Tennis courts	2	2	2	2	2	2	2	2	2	2
In-line hockey rink	1	1	1	1	1	1	1	1	1	1
Baseball fields	8	8	8	8	8	8	8	8	8	8
Football fields	1	1	1	1	1	1	1	1	1	1
Softball fields	1	1	1	1	1	1	1	1	1	1
Playgrounds	4	4	4	4	3	3	3	3	3	3
Library										
Autos and trucks	0	0	0	0	0	0	0	1	1	1
Water										
Water mains (miles)	98	98	98	98	98	98	98	98	98	98
Sanity sewer (miles)	133	133	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Storage capacity (million gallons)	5	5	5	5	5	5	5	5	5	5
Storage facilities	4	4	4	4	4	4	4	4	4	4
Production capacity (million gallons)	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
Autos and trucks (water&sewer)	31	34	33	30	35	34	32	33	34	30

N/A Information not available.

Note: Capital asset statistics will be continued to be updated and added to.

OTHER REPORTS



AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0
American Water Works Association
Copyright © 2014, All Rights Reserved.

Water Audit Report for: **City Of La Vergne**
Reporting Year: **2017** **7/2016 - 6/2017**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: **MILLION GALLONS (US) PER YEAR**

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

Volume from own sources: MG/Yr
Water imported: MG/Yr
Water exported: MG/Yr

WATER SUPPLIED: **1,549.691** MG/Yr

Master Meter and Supply Error Adjustments

Pcnt: Value: MG/Yr
 MG/Yr
 MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION

Billed metered: MG/Yr
Billed unmetered: MG/Yr
Unbilled metered: MG/Yr
Unbilled unmetered: MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

AUTHORIZED CONSUMPTION: **852.336** MG/Yr

Click here: for help using option buttons below

Pcnt: Value: MG/Yr

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

697.355 MG/Yr

Apparent Losses

Unauthorized consumption: MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: MG/Yr
Systematic data handling errors: MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses: **93.382** MG/Yr

Pcnt: Value: MG/Yr

MG/Yr
 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **603.973** MG/Yr

WATER LOSSES: **697.355** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **721.891** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: miles
Number of active AND inactive service connections:
Service connection density: conn./mile main

Are customer meters typically located at the curbstop or property line?

Average length of customer service line: (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: psi

COST DATA

Total annual cost of operating water system: \$/Year
Customer retail unit cost (applied to Apparent Losses): \$/1000 gallons (US)
Variable production cost (applied to Real Losses): \$/Million gallons ☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 78 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Volume from own sources

2: Unauthorized consumption

3: Systematic data handling errors

AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0

American Water Works Association
Copyright © 2014, All Rights ReservedWater Audit Report for: **City Of La Vergne**Reporting Year: **2017** **7/2016 - 6/2017******* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 78 out of 100 *****System Attributes:

Apparent Losses:	93.382	MG/Yr
+	Real Losses:	603.973 MG/Yr
=	Water Losses:	697.355 MG/Yr

? Unavoidable Annual Real Losses (UARL):	93.47	MG/Yr
--	-------	-------

Annual cost of Apparent Losses:	\$526,675	
---------------------------------	-----------	--

Annual cost of Real Losses:	\$273,237	Valued at Variable Production Cost
-----------------------------	-----------	---

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	46.6%	
		Non-revenue water as percent by cost of operating system:	11.2%	Real Losses valued at Variable Production Cost

Operational Efficiency:	{	Apparent Losses per service connection per day:	21.35	gallons/connection/day
		Real Losses per service connection per day:	138.07	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	1.26	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL):	603.97	million gallons/year
--	--------	----------------------

? Infrastructure Leakage Index (ILI) [CARL/UARL]:	6.46	
---	------	--

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

(615) 385-1008
FAX (615) 385-1208

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and the Board of Aldermen
La Vergne, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of La Vergne, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of La Vergne, Tennessee's basic financial statements, and have issued our report thereon dated October 5, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of La Vergne, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of La Vergne, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of City of La Vergne, Tennessee's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. (2017-001) (2017-002)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of La Vergne, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

We noted certain other matters that were reported to management in a separate letter dated October 5, 2017.

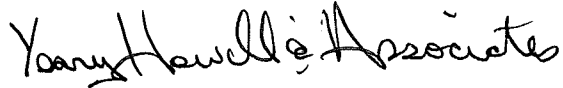
Honorable Mayor and the Board of Aldermen
City of La Vergne, Tennessee

City of La Vergne's Response to Findings

The City of La Vergne, Tennessee's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of La Vergne Tennessee's response was not subjected to the auditing procedures applied in the audit and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Yancy Howell & Associates". The signature is written in a cursive, flowing style.

October 5, 2017

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

(615) 385-1008
FAX (615) 385-1208

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Board of Aldermen
La Vergne, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the City of La Vergne, Tennessee's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of La Vergne, Tennessee's major federal programs for the year ended June 30, 2017. City of La Vergne, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of La Vergne, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of La Vergne, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of La Vergne, Tennessee's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of La Vergne, Tennessee, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Honorable Mayor and Board of Aldermen
City of La Vergne
La Vergne, Tennessee

Report on Internal Control over Compliance

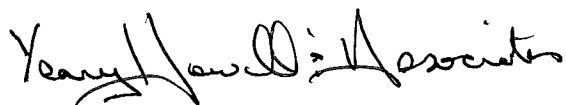
Management of the City of La Vergne, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of La Vergne, Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of La Vergne, Tennessee's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance.

Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Yancy Howell".

October 5, 2017

CITY OF LA VERGNE, TENNESSEE

Schedule of Disposition of Prior Year Findings and Questioned Costs

June 30, 2017

Financial Statement Findings

Finding Number	Finding Title	Status
2016-002	Water loss Original finding 2016 -002	Partially corrected.
2016-001	Insufficient internal controls. Original finding 2016-001	Corrected.

Federal Awards Findings and Questioned Costs

None.

City of La Vergne, Tennessee
Schedule of Findings and Questioned Costs
June 30, 2017

I. Summary of Auditor's Results

- A. The June 30, 2017 Auditor's Report on the Financial Statements was an unmodified opinion.
- B. There were two significant deficiencies or material weaknesses in internal control disclosed by the audit of the financial statements.
- C. The audit disclosed no instance of noncompliance or other matters which is material to the financial statements.
- D. No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit.
- E. The June 30, 2017 report on compliance for major programs was an unmodified opinion.
- F. The audit did not disclose any audit findings which are required to be reported under 2CFR Section 200.516(a).
- G. Major Programs – Surface Transportation Program, High Priority Program (Greenway Grant) CFDA#20.205.
- H. Type A programs have been distinguished as those programs with expenditures greater than \$750,000.
- I. The City of La Vergne was not considered to be a low risk auditee.

II. Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards.

Current Year

- (2017-001) Comparison of water treated to the amount of water billed to consumers indicates a significant amount of difference. This could relate to water loss from deteriorated lines, however it could relate to theft and billing, or meter problems which could result in under billings to customers. The water loss adds significantly to costs of operations.

Recommendation: We recommend analysis be made of the difference in water treated and water billed and that steps be taken to determine the reason for the unaccounted for water.

Status: Action is being taken and condition has improved.

- (2017-002) Testing of utility billings noted certain customers improperly classified as residential instead of commercial customers resulting in the customers being billed the improper rate.

Recommendation: We recommend that a review be made of utility customers' classification to assure proper billing rates for customers.

III. Findings and Questioned Costs related to Major Federal Awards Programs audit.

None.

City of La Vergne, Tennessee

Corrective Action Plan

June 30, 2017

The City of La Vergne, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2017. The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned on the schedule.

Significant Deficiencies:

(2017-001) Water loss

Recommendation: Analysis should be made of the differences in water treated and water billed and steps taken to determine the reason for unaccounted water.

Action Taken: The City of La Vergne has implemented several actions to decrease water loss. In early Spring of 2017 the City contracted with a leak detection service that walked all water lines of the City and reported back to the Water Department any leaks found. Over 50 significant leaks were detected and repairs were made. In July of 2017 we appointed a new team under the water department that's sole responsibility is to look for leaks, replace outdated meters and investigate abnormal usage. The City also bid out the replacement of all industrial and commercial meters. The contractor will start early 2018 swapping out meters. We anticipate a significant change in water loss for 2017-2018, but an even more decrease in water loss will most likely be seen in 2018-2019.

(2017-002) Utility customers billing classification.

Recommendation: A systematic review of utility customer classifications should be made to assure proper classification and billing rate.

Action Taken: The Water Billing Department has already started a review of customer accounts to verify which type of customer they are (residential, commercial, or industrial) and checking the rates to make sure they coincide with the type of customer. We plan to complete this review of accounts by June 2018.